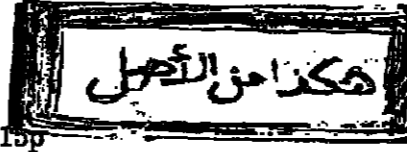


Business In Germany?
Landesbanken Sparkassen

FINANCIAL TIMES

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NEWS SUMMARY

London bombs: 4 more arrests

Four more people were detained yesterday in connection with the IRA Christmas bombing campaign in London, bringing the total in custody to eleven.

The latest arrests were made at Braine, Essex, under the Prevention of Terrorism Act. All eleven are being questioned at Paddington Green police station, London.

Scotland Yard said inquiries were continuing throughout the Home Counties regarding both the Christmas bombings and the three which were placed earlier this week.

'Toxic' village

The villagers of Shipham, Somerset, have been told to stop eating their garden produce because they are living on soil heavily contaminated by cadmium, a highly-toxic metal. It has been found in quantities 100 times the national average.

Page 3

Reprisal raid

Palestinians launched a rocket attack on northern Israel in retaliation for the ground and air raid on southern Lebanon in which 21 people are thought to have died.

Page 2

Tehran march

More than 1.5m people marched peacefully through Iran called for the establishment of an Islamic republic and warning the Shah they are being held from his "holiday".

Page 3

Snow returns

Heavy snow returned to much of the UK with the south-west in the grip of a blizzard. Roads in Devon, Cornwall and Dorset were blocked; shops and offices closed early and children were sent home from school. Today's sport is certain to be badly hit, once again.

Forecast, Back Page

Bill supported

Liberal MP Clement Freud's Official Information Bill was given an unopposed second reading in the Commons with strong all-party support.

Page 3

Mitchell freed

Former U.S. Attorney-General John Mitchell became the last Watergate conspirator to be freed when he was paroled in Montgomery, Alabama, having served 19 months. He told reporters: "Honorforth, don't let me go - I'll call you."

Treasure hunt

India tax officials armed with night detectors searched a farm owned by former Prime Minister Indira Gandhi following reports that a treasure chest was buried there. They found nothing.

Briefly

Kory Packer's cricket "circus" has challenged the England team touring Australia to a match. The offer was rejected.

Freighter carrying 3,400 Vietnamese refugees has moved inside Hong Kong waters.

Nearly 11m people may be suffering from leprosy, says the World Health Organisation.

Charles McHugh, the heart transplant patient, is improving, according to doctors at Cambridge.

Publisher's notice

We apologise to readers for the numerous misprints in the newspaper this week due to technical action by the members of the National Graphical Association employed in the printing room, whose job it is to correct errors.

Incomes policy rules change fails to stem pay deals

BY CHRISTIAN TYLER AND PAULINE CLARK

The Government's attempt to contain public-sector pay settlements by changing the incomes policy rules appears to have failed only four days after it was announced by the Prime Minister.

Following a 14 per cent offer in the water service, Department of Health negotiators admitted after a meeting with unions representing 250,000 hospital manual workers that they could not reach a settlement on the basis of the Government's concession.

They are to join the unions in an approach to the Social Services Secretary, The £3.50 cash alternative to 5 per cent for the lower-paid, proffered by the Prime Minister was estimated to be worth about 8 per cent to these workers, said one union.

Local authority employers are prepared to offer their 1.1m manual workers 8-9 per cent. This appears up to 2 per cent more than the changed rules would allow.

But it is not yet clear whether their proposal has Government approval, and whether the extra money would be provided from the Exchequer.

The credibility of the pay policy was further undermined by yesterday's offer from the National Water Council to its 33,000 manual workers of just under 14 per cent.

This was greeted by unions as a sign that a going rate of over 10 per cent was being established in this Phase Four pay round.

Readiness of employers to move further from the pay guidelines, though they are a long way from the 20-40 per cent claims advanced by the public sector, workers could cut short the joint campaign of industrial action planned to start next week.

Monday's one-day stoppage will go ahead, and some selective action is likely to follow that.

Yesterday's developments confirm the arguments of some Ministers that the Government would have to counterbalance offers of around 9 per cent in the public sector to avoid damaging pre-election conflict.

The promise of a pay inquiry for the bulk of the public-service workers could help keep the trend in the private sector.

The offer to water and sewage workers could remove

Code eases picketing

PICKETING EASED yesterday in some areas with the union code reducing some secondary blockades. But picketing remained strong in most major ports and industrial areas.

The death of an Aberdeen picket on Thursday led to more picketing in Scotland and a threat of a port blockade in Ulster.

FOOD supplies improved in some places because of the "blockade". Tesco substantially increased its deliveries to supermarkets but a Safeway distribution centre in Lancashire may close. Fine Fare said serious food shortages were serious way off. There was no need for a "emergency action," said Mr. John Siskin, Agriculture Minister.

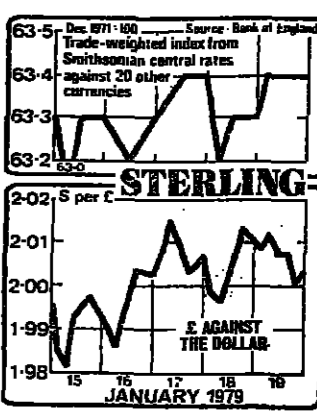
FRUIT and vegetables may run short according to some reports and animal feed producers have problems, but sugar deliveries are expected to improve.

LAY-OFFS are increasing but they are far below forecasts. The Government estimates between 135,000 and 170,000 and the CBI says nearly 150,000. Manufacturing industry is maintaining production and delaying shut-downs planned a week ago.

Steel industry lay-offs will total 25,000 by Monday. Some companies are introducing three and four-day weeks to keep open.

VOLVO car production in Sweden will be cut substantially next week, earlier than expected, because of shortages of components from 300 UK suppliers worth £20m a year.

NEWSPAPERS are confident in spite of paper shortages. Drug shortages could affect medical supplies.



£ closes slightly up

STERLING last night closed slightly up over the week against most major currencies in spite of the widespread industrial disputes and political uncertainties in the UK.

The pound finished the week 65 points up against the dollar at \$2.0035 after falling by 65 points yesterday in response to some selling in New York in thin trading.

Sterling rose against the main Continental currencies yesterday and last night's trade-weighted index of its value against a basket of other currencies at 63.4, representing a gain of 0.1 on the week. This is above the level ruling throughout the autumn.

The relative firmness of the pound in these circumstances has no doubt been a welcome surprise to the authorities, especially as intervention to support the rate appears so far to have been on a limited scale.

The stability of sterling seems to reflect a combination of the market's continued nervousness about the dollar and the relative tightness of Britain's domestic monetary policy.

The Treasury bill rate rose by 0.18 to 11.96 per cent at yesterday's tender. This was broadly in line with the rise in money market rates in the last week, partly reflecting a slight nervousness.

Under the old market-related formula, abandoned last May, this rate would have been fractionally below the level needed to trigger a rise in Minimum Lending Rate above the present 12 per cent. The level of MLR is now directly administered by the Bank of England.

Money Markets Page 27

one of the most serious threats to maintenance of essential public services in next week's nationwide campaign.

Union leaders have agreed to recommend acceptance of the offer.

The size of the increase, which includes a substantial efficiency bonus, reflects the enormous pressure on Government and employers to avoid a clash with the water workers.

Mr. Albert Booth, the Employment Secretary, was in touch with water workers leaders soon after yesterday's agreement, asking them to end unofficial action in the North-West.

About 2,000 homes in north Manchester have had their water cut off for the last week. The 500 workers involved may meet on Monday.

Mr. Peter Shore, the Environment Secretary, was in continuous contact with employers' negotiators during their 23 hours of hard bargaining in the London office of the National Water Council on Thursday night and yesterday morning.

The General and Municipal Workers' Union, the biggest in the service, will hold special

Continued on Back Page

Hit back says Thatcher

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MRS MARGARET THATCHER last night urged employers to hit back in the bulge dispute by taking legal action against pickets who were disrupting their businesses.

The Opposition leader used a speech to a Conservative Party rally in Glasgow to make a strong attack on what she called the intimidation and blackmail which had become commonplace.

She also repeated her offer to the Prime Minister that the Tories would support any legislation introduced by the Government to reduce trade union power.

Mrs. Thatcher said that a minority of wreckers were the cause of the tyranny and tragedy.

"Those who do not wish to support the lorry drivers' strike have an absolute right to collect or deliver goods of any kind, whether they are essential supplies or not."

"No pickets have a right to stop them if they do not want to stop; no picket has a right to demand money and no picket has the right to threaten repercussions."

"Any such action is a flagrant breach of the law. And yet intimidation and blackmail are commonplace events today. Those who do not wish to support the strike are entitled to the protection of the Government in the exercise of their lawful rights."

The Government should spell out the rights of citizens but private employers could also play their part, she said.

"They are trying to get their goods through. If their drivers are stopped against their will, threatened, blackmailed or intimidated in any way, they should instantly report the matter to the police. If such

action continues, they should realise that the law can be invoked within a matter of hours. "They should take urgent advice on the possibility of getting an interim injunction to restrain flagrantly unlawful action. If they do so, they will be acting in the interests of their workforce, their customers and all the people."

Mrs. Thatcher added that the problems had come about largely because Labour Governments had increased the powers given to trade unions.

Richard Evans, Lobby Editor, writes: Ministers admitted yesterday that there was still every prospect that a State of Emergency would have to be introduced early next week if the strikers fail to obey the TGWU union code, barring secondary picketing.

In the Commons yesterday Mr. William Rodgers, Transport Secretary, called on the striking lorry drivers to return to work as soon as possible and suggested that ACAS had a leading part to play in ending the dispute.

In a Commons statement later there was harsh criticism from Mr. David Ennals, Social Services Secretary, and fury from the Tories at the attitude of London ambulance workers who are to strike on Monday without providing an emergency service.

Mr. Ennals gave an assurance that contingency plans had been made and up to 100 ambulances would be available from various sources for emergency cover.

The mood in the Commons exchanges, and the tone adopted by Ministers and Labour MPs showed the increasing alarm at the damage being done to Labour's electoral chances.

ACAS has key peace role says Rodgers Page 3

Hauliers to meet lorry strikers for ACAS talks

BY NICK GARNETT, LABOUR STAFF

BOTH SIDES in the road haulage dispute accepted an invitation yesterday from the Advisory, Conciliation and Arbitration Service for exploratory talks tomorrow morning.

The invitation was made by Mr. Jim Mortimer, chairman of the service, who has been in close touch with Ministers throughout the dispute.

Ministers, faced with a decision next Monday on whether to call a national state of emergency, are pinning hopes on the talks.

The entrenched positions of the Transport and General Workers' Union and the Road Haulage Association appeared unchanged, however.

The union emphasises that although its area negotiators have the power to make regional deals with the association at whatever level they see fit, drivers settling at individual companies must ensure that they achieve the full top rate of £85 in the claim.

Mr. George Newman, director general of the association, said its members were firmly opposed moving beyond the present £80, 15 per cent offer.

Although the Government is doing nothing to encourage the association to increase its offer above 15 per cent, Mr. Roy Hattersley, Prices Secretary, said he would not try to implement the Transport Commission recommendations that road haulage charges should be restricted. The time for laying an Order runs out on Tuesday.

Given unrestricted rates, the association's central committee

of regional negotiating chairman would be re-appointed. Some would almost certainly suggest a new offer to the union.

Mr. Alex Kitson, the transport workers' executive officer co-ordinating the strike, said 39 companies employing the most drivers in south Humberside had settled on £85.

The association says that almost all those companies are not "hire and reward" haulage companies with which the union is in dispute.

Local union officials say that half the drivers in the South-west work for companies that have met the union's full claim on basic rates.

The union executive's code of conduct on picketing appears to have contributed to a little

Continued on Back Page

Armitage Shanks in merger plan

BY ANDREW TAYLOR

ARMITAGE SHANKS, the bathroom fittings group and H and R Johnson-Richards Tiles are proposing to merge.

The surprise move comes just two weeks after Johnson-Richards firmly rejected a takeover approach from Norcross, the diversified industrial group.

A merger would create a group with combined sales of around £100m and generating forecast annual pre-tax profits of £11.5m.

In 1973 Armitage strongly opposed a £26m offer from Glywed, the steel stockholding and engineering group, which was withdrawn only in the face of a Monopolies Commission investigation.

Hepworth Ceramics, under a similar threat of investigation, withdrew a £30m bid for Johnson-Richards seven months ago.

Both groups are leaders in their own fields, Armitage claiming a third of the UK toilet and bathroom fittings market while Johnson-Richards has 60 per cent of the ceramic tile market.

The group's stress the export advantage of being able to offer a complete package of bathroom products, as some overseas manufacturers are already able to do.

Armitage shareholders are offered seven shares in the new company plus 140p cash for every ten Armitage shares. That would leave Armitage shareholders owning around two-fifths of the merged group.

Johnson-Richards shareholders are offered one new share plus 20p cash for each

share now held. Both groups of shareholders have been offered unsecured loan stock as an alternative to cash.

If the merger goes through, Johnson-Richards shareholders will gain a more than four-fold increase in dividend income.

Mr. Alec Done, Johnson-Richards chairman, said yesterday that acquisition by Norcross would have been "gravely damaging" to the group's business.

Norcross, which owns Hygena furniture, said that it was surprised at the sweeping conclusions reached by the Johnson-Richards board after only limited discussions. It would be considering the new situation.

Armitage has been advised by Morgan Grenfell, Johnson-Richards is advised by S. G. Warburg.

Lex Back Page

COMPANIES

GESETNER HOLDINGS

pre-tax profit for the year to November 4 was £26.05m against £28.48m, following a first half downturn of £13.6m against £15.18m. Page 18 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES	FALLS
ACB Research 143 +4	Land Secs. 264 +4
Armitage Shanks 85 +94	Norcross 94 +5
Ash Solving 308 +25	Samuelson Film 287 +7
Assed. Book Publishers 308 +25	Trust Houses Forte 287 +5
Automated Secs. 123 +6	Vertis Stone 255 +3
BAT Inds. 287 +6	Wigfall (H.) 252 +10
Bambors 127 +7	Cons. Merchison 240 +15
Bell (A.) 187 +7	Doornfontein 254 +16
Benetton (S. W.) 186 +6	Mimoro 198 +6
BET Del. 118 +4	Palabora 260 +20
Burton A. 192 +10	RTZ 264 +6
Burton Warrants 814 +54	Roin Cons. Mines. 85 +5
Chaddesley 84 +4	South African Land 76 +5
Davy Corp. 158 +4	Yzal Reets 215 +2
Dunlop 87 +3	
Eagle Star 130 +3	
Eurotherm 236 +6	
Hambro Life 410 +10	
Hawker Siddley 238 +6	
ICI 362 +5	
Invergard 171 +10	

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ARBUTHNOT NORTH AMERICAN AND INTERNATIONAL FUND

OVERSEAS NEWS

UK NEWS

Palestinians launch reprisal raid on border villages

BY DAVID LENNON IN TEL AVIV

PALESTINIAN rockets were fired into northern Israel last night in retaliation for the pre-dawn Israeli attack on two Palestinian bases in Lebanon.

their inability to stop Palestinian units from moving south. Meanwhile there were clear indications that Israel is likely to reject the new American proposal for resolving the deadlock in the peace talks with Egypt.

Namibia talks reach their climax

By Quentin Peel in Johannesburg

THE TALKS between South Africa's Government and UN officials over plans for a UN-supervised election in Namibia (South-West Africa), reached their climax yesterday, when they were attended by Mr. P. W. Botha, the Prime Minister, and Mr. P. Pik Botha, the Foreign Minister.

Record rally in Tehran in support of Khomeini

BY ANDREW WHITLEY AND ANTHONY McDERMOTT

IN THE LARGEST demonstration in Iran's modern history, more than 1.5 million people yesterday marched to the Shahyad Monument on the capital's outskirts to express support for the Ayatollah Khomeini, the religious leader now living in Paris, and for the establishment of an Islamic republic.

backed by troops clashed with opposition marchers. In Tehran the army was withdrawn discreetly from sight into fortified stockades ringed by barbed wire.

U.S. sells SwFr 2bn securities to Swiss

By David Buchan in Washington

THE U.S. Treasury announced yesterday that it had sold SwFr 2.02bn worth of U.S. securities to Swiss residents this week. The issue, heavily oversubscribed like the recent U.S. issue in West Germany, constitutes part of the Carter Administration's plan to defend the dollar.

Carter moves to stop textile row

BY JURK MARTIN, U.S. EDITOR, IN WASHINGTON

THE CARTER Administration believes it may have averted a nasty protectionist battle with Congress which could have imperilled the multilateral trade negotiations in Geneva.

The Textile Exclusion Bill passed Congress last October, but was subsequently vetoed by the President. It has already been resubmitted to the new Congress, as has the waiver extension. Conscious of the dangers of linking the two pieces of legislation, Mr. Strauss has warned that this would be the "death knell" for the MTN talks.

Laker plan to solve problem of the cheap flight queues

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

IN A move designed to avoid queues in London streets for cheap airline tickets, the Civil Aviation Authority has agreed to allow Laker Airways to sell seats in advance for its low-fare Skytrain flights.

The Authority made it clear yesterday that it was up to those airlines, including British Airways, Pan American and Trans World, to make suggestions on how to handle their own cheap-fare Stand-By and Budget Plan passengers.

Soviet industry results give scant encouragement

BY DAVID SATTER IN MOSCOW

SOVIET INDUSTRIAL production rose by 4.8 per cent in 1978, an improvement from the modest 4.5 per cent plan target but low enough to confirm that the Soviet Union will not fulfil the 1976-80 five-year plan.

Despite a record grain harvest, the growth in national income (similar to gross national product) was only 16.8n rubles, or 4 per cent, one of the smallest increases since the Second World War.

Rhodesia ending race bars

BY TONY HAWKINS IN SALISBURY

LEGISLATION banning all racial discrimination in Rhodesia has been approved by the Senate and requires only the acting President's signature before it becomes law.

The legislation was too late to permit the entry of black children into Rhodesian Government schools, currently reserved exclusively for whites. But education officials have said that they will allow black children to enrol late for the schools, which started their year earlier this week.

Citibank tax inquiries

CITICORP, the parent company of New York's Citibank, has confirmed that "a number of foreign governmental authorities, believed to be in Europe, are examining tax matters relating to Citibank's foreign exchange activities, David Lascelles reports from New York.

Human rights defended by Kremlin's guest

BY OUR MOSCOW CORRESPONDENT

SR. MARCELINO OREJA AGUIRE, the Spanish Foreign Minister, yesterday strongly defended human rights in a speech at a Kremlin lunch in his honour, after talks with Soviet leaders which led to the signing of three Spanish-Soviet agreements.

He said that "a job in industry" was now part of the career structure of senior civil servants. Figures kept by the department show that in the four years to 1977 ten Permanent Secretaries applied to take up jobs in industry out of the 24 or 25 who left. Some of the remainder took up non-commercial public appointments.

Terrorists kill Turin jail officer

BY RUPERT CORNWELL IN ROME

A PRISON officer was shot dead outside his home in Turin yesterday, continuing the wave of terrorist violence which is accompanying renewed political uncertainty in Italy.

last night which partly destroyed a police station in Cagliari Coronas, the top official aide of Sig. Virgilio Roggioni, the Interior Minister, was now chief of police. It was Sig. Roggioni who ordered the sacking on Wednesday of the former head of police, after a second key defendant in the Milan bomb trial escaped.

The Secretary of Italy's Christian Democratic Party yesterday gave a conciliatory response to the communist attack on its minority Government and implied that his party was ready to discuss ways of avoiding a crisis. He said that the Christian Democrats were ready to talk and to strengthen the collaboration with the parties including the communists, who were supporting the Government in a Parliament-

Giscard cancellation blow for Ceausescu

BY DAVID WHITE IN BUCHAREST

SOUR feelings were evident in Bucharest after yesterday morning's cancellation of a visit by M. Valéry Giscard d'Estaing, the French President, to which the Romanians had attached much political importance.

After the initial cancellation on Thursday, a substitute programme was drawn up for yesterday and today, and the Romanians insisted that conditions yesterday morning had improved and that Bucharest's Otopeni Airport could be reopened to traffic. Armies of snowploughs and bulldozers were mobilised during the night.

The latest brush, or so it has been widely interpreted, was last weekend, when Mr. Brezhnev travelled by rail through Romania on his way to its more orthodox neighbour, Bulgaria, for an unannounced "holiday", without stopping in Bucharest.

Bail for Gandhi

Sanjay Gandhi, the younger son of the Indian former Prime Minister, Mrs. Indira Gandhi, was arrested in Delhi yesterday, but was later released on bail, AP reports from New Delhi.

E. Germans miss target

BY LESLIE COLLITT IN BERLIN

EAST GERMANY'S domestic product grew by 4 per cent last year, 1.5 per cent below the Government's target. This was the third successive year in the present five-year plan that the growth target for national income, the equivalent of gross domestic product (GDP) has not been met.

Industrial production is said to have risen by 5.4 per cent, 0.3 per cent below target. Some of the shortfall, it is indicated, was caused last August by flooding in opencast lignite mines. This seriously impaired energy production in subsequent months, and crippled East German industry earlier this month.

Cambodian deep-sea port recaptured by insurgents

BANGKOK — Vietnamese-backed forces have recaptured the strategic deep-sea port of Kompong Som on Cambodia's south-western coast after it was briefly held by troops loyal to Pol Pot, it was reported yesterday.

Gen. Kriangsak Chamnan, the Thai Prime Minister, cut short a visit to Ja'an, flying back to Bangkok to deal with any emergencies, particularly an influx of refugees. About 300 suspected Pol Pot soldiers, some armed, escaped into Thailand's Surin province on Thursday.

BTA defends its role in attracting tourists

BY ARTHUR SANDLES

THE BRITISH Tourist Authority is strenuously resisting a Government Think Tank suggestion that its activities be much reduced.

The BTA puts considerable time and effort to acting as a catalyst for other marketing interests. Particularly successful have been the workshops under this scheme, the BTA sponsors a low-cost package tour trip of British "hotels", transport people and other tourist interests to meet foreign buyers en masse in their own countries.

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UK NEWS—STRIKE EFFECTS

ACAS has key peace role, says Rodgers

By John Hunt, Parliamentary Correspondent

THE STRIKING lorry-drivers were urged yesterday by Mr. William Rodgers, the Transport Minister, to return to work as soon as possible.

He suggested that the Advisory Conciliation and Arbitration Service had a leading part to play in ending the dispute.

Mr. Rodgers told the Commons that the Transport and General Workers' Union and the employers' body, the Road Haulage Association, had both been in touch with ACAS informally.

"It has to be resolved, and soon. It is ACAS, perhaps, that has a leading part to play," he said.

His own view remains that ACAS for the moment is the most likely road to a final solution."

The Government again came under attack from the Tories as Mr. Rodgers made a statement on the latest situation.

There were bitter comments from his own Left-wingers after the death of a picket on Thursday. They urged the Government to bring pressure to bear on the employers to settle the drivers' wage claim.

Mr. Rodgers told them sharply that 15 per cent increase was extravagant and well above what the country could afford.

On food supplies, he said certain items were scarce but that in general, stocks in shops and supermarkets should be adequate for the weekend.

It was clear that fewer people had been laid off in industry than was feared. Reports received by his Department that morning confirmed that priority supplies were moving in most parts of the country, but sometimes on a restricted basis, with awkward bottlenecks.

The situation remained more difficult in the North-West and Humberside, where there was acute congestion of general cargo and container traffic.

Mr. Rodgers said that the Government was not prepared to accept a 15 per cent increase in wages for lorry drivers.

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Lorrymen's new code brings slight relief

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

THE NEW picketing code by the Transport and General Workers Union brought only slight relief yesterday to Britain's blocked ports and shipping industry.

In Ulster, the situation took a critical turn for the worse, where lorry drivers voted to step up picketing for 48 hours in response to the death of a picket in Aberdeen earlier this week. They will allow only medical supplies through, placing serious strains on farmers short of animal feedstuffs.

The Freight Transport Association, which represents companies running their own transport fleets, reported a much worsened situation in Scotland. However, some ports, including London, reported a reduction in the number of pickets on duty, port gates were still manned and the effects of cold, snowy weather were probably doing more to reduce picketing than the code.

Ports also continued to have problems in moving perishable foods through the dock gates, in spite of the union's policy of not restricting movement of essential foods.

The Mersey Dock and Harbour Company, having secured two special agreements during the strike to import Canary Islands Fruit, has now accepted that further imports will be impossible. A fruit ship due next week with about 1,000 tons of

fresh fruit has been told not to call at the port. Virtually all the ports, however, are continuing to receive the store cargo beyond their predicted saturation point.

Southampton, the port with the tightest space problem, expects to receive three container ships between today and Monday and will then review the situation.

There is still no firm agreement at Southampton on the movement of perishable foods, but as at other ports there is still some spare capacity of plug-in points for refrigerated containers.

Ports in South Wales and the West Country continue to be relatively unaffected by the strike and some improvement was noted yesterday at Grimsby, where pickets were called off the Danish bacon berth.

A shipment of cars was also allowed through Grimsby, although a similar shipment is still detained at nearby Hull, where picketing continued at a high level.

Mr. Ronnie Swayne, president of the General Council of British Shipping, said that the strike had already cost British shipowners £15m in revenue and that it would be eight weeks before the industry could return to normal if the strike were settled immediately.

Mr. Terence Spratt, Safeway's chairman and managing director, said yesterday that it was "the company's view that the situation is worsening day by day and continued inactivity by the Government can only exacerbate the situation."

He added that "very little appears to have been done to alleviate the serious situation at Warrington where urgent action is required."

But representatives of the Retail Consortium's food committee told the Government last night that the supply position in shops was better than they had expected, although the situation was still deteriorating.

Mr. Wallace Monaghan, chairman of the committee as well as the First Fare supermarket chain, blamed the resurgence of panic-buying on Thursday for hitting the supply position.

"However, it will be some time yet before there is a real shortage of food at retail level."

But he had told Mr. John Silkin, Agriculture Minister, that if the picketing was not generally lifted and essential commodities let through, retailers believed the Government should take firm action to ensure food supplies to the public.

Mr. Silkin said that sugar supplies to industry and the retail distribution networks should be very greatly improved next week. This weekend there would still be "more than adequate supplies" of basic foodstuffs.

He recounted the warnings issued last week by food industry executives—threats of shop closures, "real hunger," and total shutdown of the food manufacturing industry.

None of these disasters had occurred, said Mr. Silkin, proving that the Government's tactics had been correct and that there was really no need for "emergency" action.

"Famine" was not the appropriate word to describe the difficulties of fruit and vegetable importers. If people could not get Jaffa oranges they could always eat home-grown apples.

Mr. Leigh Ryan, an importer of cucumbers, tomatoes and oranges had already been diverted to Continental ports. In another week losses of imports could total £40 or £50m.

Shop prices had not yet gone up, an industry spokesman said, but without a change in the picketing tactics some prices could double within a week.

Some supplies which normally come in by lorry from France and Spain had not left Europe because drivers were afraid after hearing radio reports at home that British pickets were using violence.

Industry protests at 'virtual blockade'

By John Elliott, Industrial Editor

THE GOVERNMENT should declare a state of emergency "if conditions do not improve almost immediately," according to the Confederation of British Industry.

A letter sent yesterday to the Prime Minister by Mr. John Greenborough, the confederation's president, said: "The immediate danger is bad enough, but the longer term damage to our exports and our reputation as a reliable supplier is even worse."

Until now the confederation has taken the view that more important than declaring a state of emergency was to outlaw secondary picketing.

The letter condemns the Government for allowing a "virtual blockade of the UK" to build up and said that the confederation was seeking urgent meetings with senior Ministers on a number of points.

First it wants to see Mr. Albert Booth, Employment Secretary, to call for new laws to curb secondary picketing. Then, it wants to meet Mr. Roy Hattersley, Prices Secretary, to complain about the Government's proposed Bill which would remove safeguard clauses from existing prices legislation.

It also wants to discuss with senior Ministers its plans for long-term pay reform, but it is not pressing for an early meeting with the Prime Minister at this stage.

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Northern companies plan to lay off 9,700 more

BY RHYS DAVID, NORTHERN CORRESPONDENT

PLANS for another big round of lay-offs have been prepared by companies in the North-West and will be put into effect next week at the new Transport and General Workers' Union code on picketing.

Total layoffs reported by the Manpower Services Commission in the area now stand at about 30,000, but they include only workers who have registered for unemployment benefits.

The Confederation of British Industry's figure, gained from a sample of only 200 companies, stands at 28,000, but 1,000 CBI members have yet to file reports on whether they have laid workers off.

Among the layoffs reported are Pilkington, St. Helens, 550; A. C. Deles, Liverpool, 1,200; Thames-Board Mills, Warrington, 750; Reads, Bootle, 600; British Sidac, St. Helens, 650; Inter Yarns, Rochdale, 800; Dunlop Textiles, Rochdale, 250.

Some companies which have laid workers off already are likely to send home further workers next week, and others which have managed to find work for their workers are watching to see whether the new transport union guidelines prove effective as they filter through next week.

Among layoffs planned for next week—more than 9,700—are Dunlop Textiles, Rochdale, 500; Ward Blenkinsop, Trafford Park, 300; Peerless Refining, Liverpool, 500; United Biscuits, Liverpool, 2,000; British Sidac, 1,500; British Vits, Rochdale, 2,000; Van den Berghs, Wirral, 1,500; Kraft, Kirby, 1,400.

There were few signs in the North yesterday that strikers were operating the new code designed to limit secondary picketing, but there has been a further gradual easing of some of the restrictions on the movement of food and animal feeds.

At the Colgate Palmolive factory in Salford, where 750 jobs were being put at risk, pickets agreed to let men from the Union of Shop, Distributive and Allied Workers branch at the factory take over picketing. They will prevent vehicles from companies involved in the dispute from entering the factory but essential raw materials carried by contractors' own vehicles will be allowed in and finished products allowed out.

At most factories, however, picketing is being maintained and vehicles with dispensations from the TGWU are still expected to be scarce.

When the region faces the start of the public services workers' action on Monday, roads which are newly affected by the severe cold are unlikely to be gritted on Monday. Further transport chaos is likely to be caused by a strike of 7,000 Manchester busmen. The airport is one of many public services likely to be slowed on Monday.

Water supplies in northern Manchester, however, could soon return to normal as a result of the improved effort made at national level. The 600 water workers who have been on strike in the area are to hold a mass meeting on Monday morning.

Reports from the regional emergency committees in Manchester, Leeds and Newcastle suggest that food supplies remain adequate with no shortages of fresh meat and vegetables, though there are some problems with salt, sugar, butter, fats and some tinned food. Some sugar has been leaving the Sankley works at Newton-le-Willow, but only for hospitals and industry and some is being allowed through to retailers.

Fifteen Tory MPs have asked the Prime Minister to declare a regional state of emergency in the North West.

Reports from the regions

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Meat freed at docks under code of practice

By Robin Reeves

IMPORTED frozen meat, blocked in Avonmouth warehouse for nearly a fortnight, moved out of the docks yesterday as pickets fell in with the Transport and General Workers' Union code of practice.

In both the South-West and Wales, union officials took steps to spell out the picketing code to shop stewards and picket-line leaders, and the signs were that picketing was easing.

One West Country haulier, who has settled, said the code was working "80 per cent of the time." Occasional "hiccups" were being quickly dealt with by union officials.

The transport union's South-West headquarters claimed to have signed agreements with 80 haulage companies by late yesterday, at or near £85 for a 40-hour week, and to have half its striking members back in employment. This was hotly disputed by the Road Haulage Association.

In Wales allegations of trade union "blackmail" by an Ebbw Vale haulier were strongly denied by Mr. Derek Driscoll, the strike committee chairman. The haulier claimed to have been denied a pass to continue deliveries of coal to disabled, sick and elderly people.

Confusion Mr. Driscoll said that it was mere confusion. Under the picketing code, movement of coal did not need a dispensation unless it was destined for industrial premises.

According to the union 12 hauliers in Wales have signed wage agreements. These companies will resume work on Monday.

The Road Haulage Association stressed that this was a small number compared with its membership of 16,000.

Layoffs in Wales were reported at 2,200 by the Government's Welsh Emergency Committee, a decline against its mid-week figure of more than 3,000.

Salt remained a pig problem. Shortage of supplies from Cheshire hampered road clearing in some counties, particularly Powys, mid-Wales, which was down to a day's supply.

Farmer's leaders acknowledged an improvement in flow of animal feed. The Farmers' Union of Wales said "Salt shortage could close abattoirs."

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Blockade is lifted at Tesco depots

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

PICKETS at four out of the five distribution depots operated by the Tesco supermarket chain were lifted last night in accordance with the new union code of practice on picketing.

The move meant an immediate increase in processed food supplies from about a quarter of normal deliveries to over a half. While this is still insufficient to meet the high level of consumer demand, Tesco expects the delivery position to improve next week and further ease the pressure on supermarkets.

The Tesco depots at which picketing stopped yesterday were at Chesnut, Waltham Cross, Westbury in Wiltshire, and Bletchley.

Pickets at a fifth depot, at Winsford in Cheshire, refused to obey union instructions to stop. However, Tesco hopes that local union officials will be able to persuade the pickets to stop their action.

The Safeway food chain, which may have to close its Warrington distribution centre in Lancashire early next week because of picketing, said that there had been only a "slight relaxation" of secondary picketing but the reduction was still too low to have a fundamental effect on our overall supply level.

Mr. Wallace Monaghan, chairman of the committee as well as the First Fare supermarket chain, blamed the resurgence of panic-buying on Thursday for hitting the supply position.

"However, it will be some time yet before there is a real shortage of food at retail level."

But he had told Mr. John Silkin, Agriculture Minister, that if the picketing was not generally lifted and essential commodities let through, retailers believed the Government should take firm action to ensure food supplies to the public.

Mr. Silkin said that sugar supplies to industry and the retail distribution networks should be very greatly improved next week. This weekend there would still be "more than adequate supplies" of basic foodstuffs.

He recounted the warnings issued last week by food industry executives—threats of shop closures, "real hunger," and total shutdown of the food manufacturing industry.

None of these disasters had occurred, said Mr. Silkin, proving that the Government's tactics had been correct and that there was really no need for "emergency" action.

"Famine" was not the appropriate word to describe the difficulties of fruit and vegetable importers. If people could not get Jaffa oranges they could always eat home-grown apples.

Mr. Leigh Ryan, an importer of cucumbers, tomatoes and oranges had already been diverted to Continental ports. In another week losses of imports could total £40 or £50m.

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Fruit and veg famine denied

FINANCIAL TIMES REPORTER

A FAMINE of fresh fruit and vegetables is the latest peril facing consumers, according to the National Federation of Fruit and Potato Traders.

The warning was dismissed by Mr. John Silkin, Minister of Agriculture, as "not a major problem," even though Britain depends on imports for two-thirds of its fresh greenstuffs and fruit at this time of year.

The Minister remained confident that essential industries, including bread factories, were not in immediate danger of running out of any vital raw materials. Independent bakers, too, were obtaining enough salt to keep them going.

But as picketing eased in some areas problems mounted in others. In North Humberside, where the Ministers' intervention was said to have released ingredients for animal feeds, manufacturers complained that the situation was as bad as ever.

In Northern Ireland, compounders of pig and poultry feeds said they had run out of raw materials, could no longer continue production, and had failed to persuade the unions to talk about their difficulties before next week.

Rate and Lyle's sugar refinery at Lovelace, Liverpool, stopped work because of disruptions caused by the drivers' strike. The refinery at Sankey is still working, however, the Thames refinery is back at work after a week's stoppage, and

halted all bagged salt deliveries. Pickets were consulting their officials from the United Road Transport Union—and they were expected to arrive at the factory. The union is not party to the new code on picketing which classifies salt as essential.

Yesterday, Mr. Sam Silkin, Agriculture Minister, said that while the union was blocking bagged salt, tankers were getting through and food industry officials were using their ingenuity to obtain supplies. He was not worried by any threat to bread supplies.

Mr. John Wells, executive director of the Proprietary Association of Great Britain, has written to Mr. Callaghan, that some pickets were not allowing essential medical supplies out of factories in spite of a dispensation to do so from the Transport and General Workers' Union. Drug manufacture was also being hit by the picketing of raw materials.

A joint statement issued yesterday by the F.A.G. and the Association of the British Pharmaceutical Industry said that supplies of some essential medicines could be in jeopardy within seven to ten days. Production of antibiotics, in particular, was being affected by the difficulties of obtaining raw materials such as caustic soda, alcohol, and sulphuric acid.

"The running down of buffer stocks of antibiotics and other prescription medicines could lead to a serious threat to life if subsequent epidemics of infectious diseases were to occur."

Many medicines that could be bought over the counter would also be scarce if the picketing position did not improve.

Midlands picketing increases as more drivers join stoppage

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

PICKETING throughout the Midlands was intensified yesterday after the decision by drivers in the region to join the national road haulage strike.

Mr. Bob Ward, secretary of the West Midlands region of the Road Haulage Association, said that there was no indication of an easing of the damaging secondary picketing pursued last week by unofficial strikers.

Large companies such as Cadbury-Schweppes, Birmingham, and Michelin, Stoke, had been badly affected.

The pattern of picketing was confused, but Transport and General Workers' Union officials were making every effort to exercise control, Mr. Ward said.

Lay-offs in the Midlands have been kept below 30,000 largely because companies have found alternative supplies of raw materials, changed production

runs or resorted to short-time working. Nearly half the workers made idle are from 11 companies. The tyre companies of Dunlop, Pirelli and Michelin have been forced to cut production because of shortage of carbon black and steel. Engineering and motor component companies, such as Rubery Owen and Brockhouse, have also been hit.

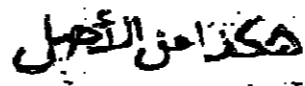
The key to employment in the Midlands is BL, which has so far managed to keep workers busy and avoid large lay-offs.

The West Midlands Confederation of British Industry said that companies were reporting that if the strike lasted another week, it would take at least three weeks to get back to normal production.

The damage that the dispute was causing to exports was an issue of particular concern.

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UK NEWS

Burmah Oil loses Treasury battle

BY JAMES EARHOLMOWEY

BURMAH OIL yesterday lost its appeal to the Treasury to show confidential documents relating to the Bank of England's 1978-79 £2.50 per share BP shares now stand at over £9.50, an alleged total loss of more than £500m.

Port Talbot steelworks to get £93m boost

BY ROBIN REEVES, WELSH CORRESPONDENT

THE British Steel Corporation was yesterday given Government approval to go ahead with a £93m investment at its Port Talbot steelworks, South Wales.

Vickers discharges 120 oil men

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE VICKERS engineering group is making redundant up to 120 people employed at Vickers Oceanics, to stem some of the losses of the group's offshore engineering division.

Villagers told their land is poisoned

By David Fishlock, Science Editor

RESIDENTS OF the village of Shipham in Somerset were notified yesterday that they were living on soil heavily contaminated by cadmium, a very toxic metal.

Health unions seek 'more elbow room'

BY CHRISTIAN TYLER, LABOUR EDITOR

HEALTH DEPARTMENT negotiators admitted yesterday that they could not hope to reach a pay settlement with the 250,000 hospital ancillary workers on the basis of the low-pay concession offered by the Prime Minister this week.

Second reading for Official Information Bill

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE OFFICIAL Information Bill, which would establish the right of public access to a wide range of Government documents, was given an unopposed second reading in the Commons yesterday.

Under pressure from back-benchers, the Government has now adopted a pose of apparent neutrality. The supporters of the Bill have strong suspicions, however, that the Government intends to delay it in committee stage and eventually kill it.

Monday strikers 'likely in places to stay out'

BY ALAN PIKE, LABOUR CORRESPONDENT

UNION LEADERS gave a warning yesterday that Monday's day of action by public-service workers is likely in some areas to develop into an immediate all-out strike.

North Sea 'cost current account £400m'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CURRENT account of the UK balance of payments would have been in surplus by close to £500m last year if North Sea had not existed, according to stockbrokers Hoare Govett.

Manchester 'home' for ballet

BY RHY'S DAVID

MANCHESTER'S Palace Theatre, which was rescued from closure last year, is now set to become the second home of the Royal Opera and the Royal Ballet under a £21m property deal.

Protest group warns of gas plant danger

By OUR SCOTLAND CORRESPONDENT

A PROTEST group opposing the plan by Shell and Esso to build a £300m gas separation plant at Mossmorran, Fife, claim that the risk of serious accident has been drastically underestimated by officials.

Record DIY market is still growing strong

HOUSEHOLDERS PASTED an estimated 395,000 miles of wallpaper and dipped brushes into about 22m gallons of paint last year as retailers of do-it-yourself products enjoyed their best year.

Progress during that period may best be charted by examining the performances of A. G. Stanley and Home Charm since those retailers went public within weeks of each other in 1972.

Both groups agree that development of increasingly easily used materials and tools have provided the greatest spur to the growth in DIY.

Big engineering unions 'obstructing democracy'

BY PHILIP BASSETT, LABOUR STAFF

Shipbuilding and Engineering Unions was standing in the way of democracy by refusing to agree to the recognition of smaller unions in the engineering industry, the non-TUC affiliated United Kingdom Association of Professional Engineers said yesterday.

Journalists stay sacked says newspaper chief

THERE WOULD be no reconsideration of the dismissal of 28 journalists who supported the provincial strike by the National Union of Journalists, Mr. Paul Carew, managing director of the Nottingham Evening Post, said last night.

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THE WEEK IN THE MARKETS

Unintimidated

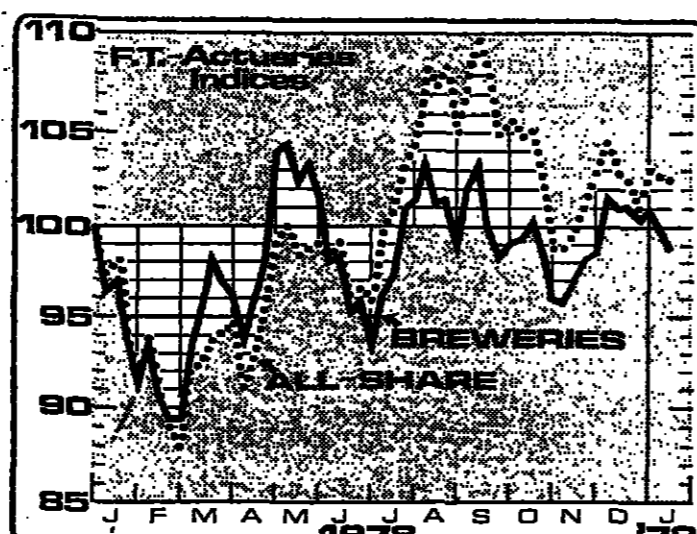
From the point of view of the stock market the labour news could hardly have developed in a less encouraging manner last week. Higher wage offers began to emerge from public sector employers after the Prime Minister's intervention on Tuesday implicitly condoned a raising of cash limits and promised a strengthening of the powers of the Price Commission.

new short tap opened at 4 point discount to its issue price and with treasury bill rates edging higher the market is feeling its way down towards a new level at which it may be prepared to buy stock from the Government Broker once the battle over public sector wages has been lost.

EPC's assets Accounting is an inexact science. Ask any shareholder in British Property Corporation who last year received a balance sheet showing net assets of nearly £100m and this week was told by Dutch bidder Wereldhave that the real figure was nearer £50m. To add to the confusion, EPC is

LONDON ONLOOKER

likely to come out within the next couple of weeks with yet another figure, somewhere between these two extremes. In reality, EPC has such high financial gearing that any attempt at precision is bound to be open to argument. What really matters is whether the group is going to be in a position to make regular and growing dividend payments in the coming years. Given its current revenue deficit, and its very big development portfolio, this is very much open to question.



Anatomy of an index

THE DOW JONES Industrial Average has again been pitching and tossing like a rowing boat rounding Cape Horn. On Monday it crested along in the wake of a statement by Mr. John McMillin, president of the fourth largest bank in America, Manufacturers Hanover Trust, that interest rates were "relatively close to their peak" and then on Tuesday was very nearly swamped by Herr Karl Otto Poehl, vice president of West Germany's Bundesbank.

NEW YORK JOHN WYLES

dollar last year brought gasps and wringing of hands from the Stock Market. Cries of "staggering" and "how long can this go on?" were intensified by additional news agency reports indicating that Herr Poehl, for one took a dim view of the impact of dollar support on the West German money supply which had exceeded target growth by more than 3 per cent last year.

The increasing volatility of the Dow has been a cause of concern on Wall Street for some time and on Monday Du Pont Company made an announcement with important implications for this index. Reporting a 46 per cent increase in its 1978 earnings, the chemical giant announced that it would split its stock three for one effective from June 1. To understand the significance of this for the Dow, it is first of all important to understand the composition of the index and how it is computed.

The DJIA was created in 1887 and was originally made up of 12 stocks and was increased to 20 in 1916 and to 30 in 1928. The average is calculated by adding up the prices of all 30 stocks each day and then dividing the total by a so-called divisor to produce an average. Some accounts suggest that the original divisor was the number of stocks in the index but Mr. Robert Salomon, a partner at Salomon Brothers, who has pro-

duced some admirable work on the subject says that the earliest recorded divisor was 16.67. But the important point is that the divisor has to reflect stock splits by any of its constituents so that the Industrial Average gives a comparable reading through time otherwise a stock split, which obviously reduces a company's share price, could produce a serious and deceptive fall in the Dow.

One is that Dupont's lower profile will reduce "the extreme overweighting" of basic industry stocks in the DJIA. This group includes Allied Chemical, Bethlehem Steel, U.S. Steel, Minnesota Mining and Manufacturing and Owens-Illinois. As a corollary, the Dupont split gives more importance to the growing and the glamorous, such as Procter and Gamble and Eastman Kodak. With an economic recession on the horizon sometime in the next 18 months, it is quite possible that the growth stocks will be more favoured by investors than the basic industry group. If they are then the Dow may enjoy some cushioning as a result of the Dupont move.

On the negative side, however, it volatile tendencies will be intensified by the stock split. The divisor will be adjusted from the current 1.443 to 1.330 and as a result, says Mr. Salomon, the impact of a one point upward move by all of the stocks on the Index will rise from a 20.79 increase in the Dow to a 22.56 rise. By contrast, the same one point move 12 years ago would have resulted in only a 13 point rise. A final point made by Mr. Salomon is that the Dupont split will make the Dow look cheaper. Dupont has a higher price earnings ratio, market to book ratio and lower yield than the average Dow stock and the reduction of its importance in the average will raise the DJIA's earnings, dividends and book value.

CLOSING INDICES table with columns for Day (Monday-Friday) and Index Value (e.g., Monday 848.57, Tuesday 834.20, etc.)

plating bid talks with EPC. The best hope is that Eagle Star, which already owns over a quarter of the property company's shares, is trying to bluff Wereldhave into paying more. If it seriously proposes to make an outright bid, it could well run into trouble from its own shareholders. Even if it were able to sell off EPC's Canadian interests, such an acquisition would still bring too much property and too much debt into the balance sheet of what is by no means a giant insurance company.

Resistible offer

Shareholders of Midland Bank are to be given a first refusal when 66m shares in the newly merged Sedgwick Forbes and Bland Payne insurance broking companies are offered for sale, as part of the £100m merger deal announced on Thursday. They may feel that the offer is resistible. At the equivalent

of 38p for a stake in the new company to be called Sedgwick Forbes Bland Payne—the price is just 7 per cent below the suspension price of the Sedgwick shares in November.

Moreover, the glamour attaching to insurance brokers is falling away fast. Conditions are at their most competitive in world insurance markets and rates are being cut to the bone in areas like marine and aviation insurance.

Sedgwick Forbes' own figures disappointed some stock market professionals. For 1978, taxable profits of Sedgwick showed only an 8 per cent gain of £25m.

Bland Payne fared better with profits up from £21.9m to £25.6m. But in spite of a planned link up with the giant U.S. broker, Alexander and Alexander, there seem to be plenty of uncertainties ahead for the new combine. A weak dollar is a particular worry for insurance brokers who earn a large proportion of brokerage in dollars.

Also the large transatlantic realignments that are taking place between U.S. and U.S. brokers are no guarantee that clients are going to be satisfied with the new service groups formed. And in the past when broking firms have merged—as in the Sedgwick Collins/Price-Forbes merger a few years ago—it has taken time for the personnel to settle into the new grouping.

Meanwhile, Willis Faber—the royal family of Lloyd's—is making its own transatlantic link by throwing its weight behind the U.S. answer to Lloyd's, the New York Insurance Exchange. In conjunction with Johnson and Higgins, the largest private broker in the U.S., it has formed a company which will introduce underwriting members to the new exchange and manage their affairs. It is part of a drive by Willis to forge closer links with the U.S. insurance market. But in taking this action Willis will have given a tremendous boost to a future rival to Lloyd's itself.

The last-named is pressing on with its gold mining at the onefamous Golden Mile near Kalgoorlie in Western Australia. This week KMA has announced that thanks to an increase in gold grade to 5.68 grammes per tonne, production of the metal for the 26 weeks to January 8 has risen to 64,701 oz from 44,159 oz in the same period of the previous year. We may see Poseidon in the dividend list yet!

price could be on the cards. Finally, those holders of Australia's Poseidon who did not tear up their share certificates when all seemed lost will have been encouraged to learn that the company's remaining interest is looking distinctly hopeful. It is the 47 per cent stake in Kalgoorlie Lake View which has a 52 per cent interest—with America's Homestake holding the remaining 48 per cent—in Kalgoorlie Mining Associates.

An important factor in this recovery was the drying up of the large exports to the west of Russian material. Sooner or later, the Soviet sales will return and in order not to be caught out again Rustenburg intends to rebuild its cash resources, reduce its debt commitments and only increase production for specific customers such as the U.S. automobile industry—if this can be done with guarantees against risks.

At the same time, efforts to increase platinum consumption continue and annual expenditure on jewellery promotion has been raised to R4.5m. Clearly, this will dampen the more optimistic dividend anticipations, but there should still be room for a sizeable increase in the distribution, especially as a further rise in the producer

MARKET HIGHLIGHTS OF THE WEEK

Table with columns: Ind. Ord. Index, Govt. Sec. Index, Gold Mines Index, Ash Spinning, Beristord (S. and W.), Brentford Beard, Burton A, Catalin, Cons. Murchison, Davenport's Brewery, Dixon (D.), Filas, Impala Plat., Messina, Morris and Blakay, Moss Engineering, Plyu, Robertson Foods, Samuel Film Service, U.D.T. Includes price changes and market commentary.

Good news corner

CHEERFUL NEWS may be scarce in strike-bound Britain at the moment, but as far as the mining scene is concerned good cheer has come from South Africa where the sun is shining warmly. The gold mining industry, for example, has been pleased at the rise in the bullion price this week to a three-month high of \$231.75 per ounce in the face of another big auction of 1.5m oz by the U.S. Treasury.

Moving away from gold we come to the antimony-producing Consolidated Murchison with which the speculative investors

have long had a love-hate relationship. Last year saw the mine move into losses and leave the dividend list as a result of the depressed market for antimony. The final quarter, however, has brought a recovery in sales, a better antimony price and a return to profits. Of more lasting importance, Murchison has changed its ore production and treatment methods with the result that increased output has been achieved at no extra cost. There is thus a good chance that the mine will return to the dividend list this year.

Optimistic, but cautious, views of the near-term outlook have been also provided by Sir Albert Robinson, chairman of Rustenburg Platinum Holdings, South Africa's leading producer of the precious metal. Last year's dramatic recovery in the market for this metal resulted in Rustenburg raising its selling price from \$180 to the present level of \$300 per ounce; current free market levels are around \$370.

Western Area, in common with other marginal gold producers, has been particularly helped by the higher gold price and the December quarter's profits have moved up well despite lower production. The current quarter should see improved output of gold and, possibly, an even higher bullion price. It should also be remembered that the mine is preparing to join the band of uranium producers. At the manageable price of 134p the shares could appeal to the speculatively minded smaller investor.

MINING KENNETH MARSTON

GOLD MINE NET PROFITS

Table showing Gold Mine Net Profits for December, September, and June quarters. Columns include Mine Name (e.g., Blyvooruitzicht, Braxos, Bafokeng, etc.) and Profit values.

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Don't miss, then, our five selections for 1979. What communications company, for example, is now under 80p, but has that 200p look about it? What textile group is now producing record profits, but is still on a p/e of 3, yields 11%, and has assets of twice the share price?

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FINANCE AND THE FAMILY

Gift to sister abroad

BY OUR LEGAL STAFF

I wish to make money gifts of about £1,500 to my sister in New Zealand, either by monthly payments over two years, or by four six-monthly instalments. Do you foresee any CTT or exchange control problems, and does this appear to be a tax-efficient method?

Assuming that the total gifts you make (to everyone) will not exceed £1,500 in any calendar year, or in any tax year, you should have no CTT or exchange control problems. Your bank will provide you with the necessary form for obtaining exchange control permission to make a cash gift to a non-resident (outside the EEC).

Before deciding to make the gift in equal monthly (or half-yearly) instalments, you should check whether this may produce income tax problems for your sister in New Zealand, e.g. as a voluntary annuity from over-

lined on several occasions in these columns is not put forward as being certain to achieve its object. However, we believe that the better view is that a series of gifts does not constitute a number of associated operations within Section 44 of the Finance Act 1975 (and that the same applies to the comparable position where a deed of covenant is entered into). We therefore remain of the view that a gift to you of say, 1/8th (rather than 1/7th—to allow a margin for increase in value) of the equitable interest in the house in each year would effect a saving of Capital Transfer (but not of Capital Gains) Tax.

House dealings in Cyprus

In 1973, while "non-resident" in the UK I purchased a property in Cyprus for approximately £10,000 sterling—the remittance being made entirely from funds earned abroad. On return to the UK in April 1976 I registered this property with the bank in the usual way. I am now considering selling the property and purchasing another in Cyprus with the funds—there would perhaps be a difference of £2,000 in my favour.

Could you please advise: 1) If there would be an Exchange Control limitation that would prevent me selling the present house and buying another? 2) Whether there would be a liability to Capital Gains Tax either on the sale of the property itself (ie x per cent

of sale price less 1973 or 1976 value) or on the remittance of the £2,000 difference to the UK? You have not given us enough precise information for firm answers, but these brief comments may help you:

1) No, but there are formalities—and the position will depend upon the respective residential status (for exchange control purposes) of the prospective purchaser and vendor; you should consult your bank, since they will be attending to the exchange control formalities for you, and the dollar premium may affect your plans; 2) Yes, on the difference between the net proceeds and the total cost (in sterling terms) in 1973—assuming that you are domiciled in England and Wales—subject to any main residence relief under section 29 (3 and 7) of the Finance Act 1965.

Tax on foreign earnings

In his article of December 16 last David Walman uses the phrase "this (foreign earnings) is one of the few areas in which a remittance basis applies." Can you tell me whether taxation on earnings is payable for the year in which it earned, although not actually received? Would your answer be affected by the fact that the money would be earned from a firm in the EEC? Generally, the charge to tax under case III of schedule E falls in the year (ended April 5) in which the remittance is received in the UK. If the remuneration is paid in advance, however, and is remitted here before it has been earned, it is not taxed until the year in which it is actually earned.

You will find the precise rules on page 34 of a free booklet, IR25 (1977), which is obtainable from most tax inspectors' offices. You should check the provisions of the double taxation agreement between the UK and the country in question, but this is unlikely to affect the basic principles of case III.

An injury at work

The solicitors of an American firm by which I was employed have offered me £5,000 for an injury I suffered at work, which, on advice, I have refused. I understand the firm is closing down in this country. If they do so before my case comes up in the High Court, could I be left high and dry? What should I ask my solicitors to do? There is no reason why any award which might be made in your favour should not be recovered either in any liquidation of the defendant company here or if necessary by enforcement abroad. However, if the company is insolvent you can only recover a dividend, ie, that

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Breakdown cover

THESE WORDS warranty, guarantee and bond have had their precise legal significance debased by their continuous misuse in consumer-orientated advertising. All too often their words are nothing more than part of the verbal wrappings in which many providers of goods and services, tour operators, motor manufacturers and so on dress up their contracts.

When you buy a car new, straight from the dealer's showroom, you get what has become known as the manufacturer's warranty, and for a given period of time or up to a given mileage, the manufacturer, via the dealer, undertakes to replace or repair defects. The cynical motorist might be forgiven for saying that built-in obsolescence begins to show itself soon after the manufacturer's warranty runs out. Four years ago, and there is no evidence to show that much has changed since, Consumers Association conducted a survey of 25,000 members and their

stood by the public, but one of the difficulties is that not every extended warranty is in fact backed by insurance cover, underwritten by insurers authorised by the Department of Trade.

This kind of protection was developed in the United States in the early 1970s, and by all accounts has been the source of some profit to its backers, as the protection would not be as widely available over there. Perhaps because of this, the Automobile Association, the Automobile Association Scheme is backed by all New Hampshire. Also, by all accounts, much of the cover written either by British companies or at Lloyd's, is ultimately reinsured back to firms in the United States.

For some while now the Society of Motor Manufacturers and Traders has been studying the marketing of extended warranties, and before the end of last year had set up a working party to consider, among other matters, the production of a code of conduct to be observed by motor traders generally in their provision of extended warranty protection. The main feature of this code if and when it is promulgated, is likely to be the requirement that all extended warranty schemes are properly backed by insurers authorised by the Department of Trade.

The Automobile Association apart, perhaps the strongest sellers so far of extended warranty protection have been the finance houses such as Bowmakers and United Dominions Trust, who have looked on the provision of such protection as an essential part of their financial services. The latest in this field is Lloyd's and Scottish Finance which has its scheme underwritten at Lloyd's. Anyone buying a car with help from Lloyd's Scottish can buy cover for one or two years, subject to the car being less than four years old and having done less than 40,000 miles at the time the cover commences. The premium ranges from £22 for one year's cover on a new car to £74.75 for two years cover on a second hand one. There is a limit of £350 per claim and a maximum of £1,000 overall in the total policy period. Included in the cover is the cost of recovery of the car after breakdown and a medium of hiring expenses—up to £7 a day with a maximum of £50—if the car is off the road for more than three days. The contract specifies the extent of the breakdown cover by itemising the parts that are insured—thus, for example, all parts of the clutch will be repaired or replaced if affected by oil leaks from the engine or the gearbox, but insurers do not replace a "burnt out" clutch.

INSURANCE

JOHN PHILLIP

cars and came up with this conclusion in Motoring Which? in October 1974:

"If your car is less than two years old you have got about a one in three chance of it surviving the year without major troubles. If your car is more than three or four years old your chances of getting away without major trouble fall to one in six."

Orthodox traditional comprehensive insurance does not cover the motorist against the cost of mechanical and electrical breakdown: indeed in all traditional policies, whether on car, van or cycle, insurers have positive exclusions printed. And the major motor insurers in the company market have shown little interest in providing this kind of cover even by separate policies, although most of them have been propositioned by motor manufacturers, finance houses and insurance brokers in the past few years to provide what has come to be called "extended warranty" cover.

This phrase came into use because the protection commences on the expiry of the manufacturer's warranty on a new car or the dealer's warranty on a second-hand car, and for the most part purports to cover the same kind of mechanical or electrical failure: hence the adjective "extended" and the continued use of the word "warranty." Perhaps "car breakdown insurance" would be a more appropriate phrase and the description better understood.

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Giving away a house

Referring to your recent replies about giving away a house, people who claim to know about these things say that your method will be classed as a series of associated operations and fall foul of Section 44 of the Finance Act 1975. What do you think? Bearing this section in mind, how can my father give a house, worth about 14,000 to me avoiding as far as possible CTT and CGT? I could make 16 half-yearly instalments of tax at a pinch. The scheme which we have out-

Rating assessments

In 1975 the owner of the house opposite mine was granted planning permission to operate a dentist's practice from the property. We live in a quiet residential area and claimed a reduction in rates on grounds of the greatly increased local traffic. The rating assessment was then reduced from gross value 1,060, rateable value 855 to GV 1,040, RV 835. We have recently altered our house and the district valuer has inspected the changes. He now writes to advise firstly that the original assessment (GV 1,040, etc.) was too low due to "an arithmetic error" (which in the light of the above is not credible) and secondly the increase reflecting the benefit of the changes (to which I do not object). The valuer now claims that the original assessment should have been GV 1,140, RV 922 and with improvements the GV is now 1,200 and RV 972, an increase of 60 in GV and 50 in RV. I propose to object to the claimed increase due to "arithmetic error," but the whole assessment seems entirely arbitrary. Could you advise me

as to the calculation of rating assessments and on the best approach to take in fighting this increase?

Rateable values are assessed by taking the gross value and applying a statutory formula to arrive at the net value. The gross value is taken as the letting value of the property. As the district valuer claims that the gross rather than the net value was an erroneous figure in 1975 it is difficult to see where arithmetical error could have come in, the gross figure being a valuation, not a calculation. Moreover, as it was supposed to be a reduction from £1,060 it can hardly have exceeded that figure. We agree that that element of the proposal to increase which is claimed to derive from arithmetical error, ought not to be accepted. However, it will be borne in mind that at the end of the day the starting figure is a valuation, so that if the original gross value of £1,060 and £1,040 were, e.g. clerical errors and the true valuations were £100 more, it may prove difficult to resist the present proposal.

EDUCATION

MICHAEL DIXON

WHAT A change has befallen the careers advisers who promote the employment of graduates. In 10 years they have turned from a fatter of individuals, often disdained by dons and snubbed by employers, into a co-ordinated body of skilled marketers.

But having heard several of them at a Press conference this week, I suspect that there has also been a change for the worse. Gone are the sceptical grins which used to accompany their pronouncements. They look to have caught one of the occupational diseases of marketing—that of believing one's own sales talk.

So, since their selling is conducted on the principle of "let the buyer beware," it seems sensible to arm the lay public with a rational review of the careers advisers' creed. It appears to be founded on the assertion that graduates will not only be better than non-graduates at any given task, but

will also transform the task so as to improve the quality of the results.

The assertion's first half is commonly supported by the claim that graduates have been trained to think. This is not always so. Many have merely been convinced that they have been trained to think. Consequently they simply assume that whatever goes on in their graduate heads must be thinking.

There are others of whom the claim does become true once it is extended so as to recognise that they have been trained to think in particular ways. The American psychologist, Joy Guilford's descriptive model of the human intellect identified 120 different kinds of mental skill. Fewer than half seem to be associated with academic education.

Those that are so associated—the "conventional intellectual skills"—are developed by a process which perhaps accounts for one of the tasks at which graduates generally surpass non-graduates: the assimilation of information from books, lectures and the like. The process of development is more congenial to the introvert than to the extrovert type of personality. That may explain the

strong tendency for graduates who have genuinely been trained to think, also to have introvert personalities.

There still exist numerous important jobs which successful results depend, not on any markedly above-average use of the conventional mental skills, but on different kinds of intelligence coupled with qualities associated with extravert personalities. The ability, for example, to make a swift assessment of the meaning of people's behaviour and respond sympathetically.

Which brings us to the second half of the assertion, because graduates appointed to jobs which require abilities they lack, have a vested interest in changing those jobs in line with the skills and attributes they possess. It seems likely that the general direction of change will be away from "intuitive and creative" activity towards the theoretical and controlling kind. This, however, would not necessarily improve the quality of the results. The change might well be counter-productive.

Even so, the new, less productive way of working would probably still become more and more established as increasing numbers of graduates entered

the same kind of work. For here comes into play the only other task at which I feel it safe to say that graduates generally surpass non-graduates. It is that of communicating with other graduates.

Once they achieved a critical mass, the tendency for decisive jobs to become bureaucratized would be given added impetus by what could be termed a caste interest. After all, as well as being best able to communicate with each other, graduates usually marry other graduates, and statistics suggest that the children most likely to get into university are those with graduate parents. The careers advisers' creed thus implies a society which might seem scarcely credible to some people. It is one where economically productive work would progressively give way to work directed to the establishment of complex procedures providing satisfying jobs for a conventionally intellectual, introverted controlling caste. The corresponding economic decline might cause a shortage of productive jobs for other kinds of people, of course. But the controllers could then set up a Manpower Services Commission to furnish unproductive things for the less educated to do instead.

UNIT TRUST AND INSURANCE OFFERS

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YOUR SAVINGS AND INVESTMENTS

هكذا من النحل

Needy elderly people often have a lot of money tied up in their homes. Tim Dickson reports on a new scheme which helps them make the most of this untapped capital if they are willing to move

A move for the better

THOUSANDS OF pensioners now have the chance to improve their living standards dramatically thanks to a new type of "home-income" plan just being launched.



Lobbying: Jeffrey Selwyn

Home-income plans allow elderly people to take out a mortgage on their homes and use the money to buy an annuity.

The new plan, developed by the Hambro Provident insurance company, gets round the problem by providing mortgages on an option basis—and this means that for the first time non-taxpaying pensioners can make the most of the capital tied up in their homes.

The stumbling block until now has been that home-income schemes have relied for a big part of their attraction on the fact that they earn you tax relief on an existing income: this is because the annuity payment you get is paid after a deduction for interest on the mortgage so you can claim normal mortgage tax relief if you are a taxpayer.

Option mortgages earn a direct subsidy from the State rather than tax relief and so are the ideal form of borrowing for non-taxpayers.

Unfortunately the Government limits the option concession to loans "for the purchase or improvement of property"—so home income plans do not qualify.

Hambro Provident's managing director Jeffrey Selwyn has been lobbying for a change in the law on option mortgages to benefit home-income annuitants. But he has had no success

so far though he is still hoping for a change in the next Budget. In the meantime, Hambro's new scheme gets round the problem where people are willing to move from their present home to another one. The point is that because the mortgage advanced on new a home is technically for the purpose of buying a home, it qualifies for the option subsidy.

Hambro finds that for the idea to work properly the home that is bought ought to be cheaper—this allows the pensioner to unlock some of his capital immediately.

The need for participants to move house is not necessarily a serious impediment: as the cost-of-living leaps ahead and pensions lag behind, many old people are forced into more modest accommodation anyway.

To see how the new scheme works in practice take, for instance, the case of a 75-year-old widow who recently benefited. She sold her £22,000 house and moved to a smaller place costing £15,000. With the sale proceeds from

INCOME CHOICES FOR A 75-YEAR OLD WOMAN

In each case the figures assume she starts out as a non-taxpayer living at present in a house worth £22,000.

CASE 1: She can stay in her present home and take out a mortgage of £17,600 on it as part of a Hambro Provident home-income plan. £1,819 The money buys a total annuity income of Less Interest on the mortgage (at Hambro's 6 per cent rate) £1,056

Total pay-out from home-income plan £763 (If she had been a taxpayer, however, the net boost to her income would, thanks to mortgage tax relief less extra income tax that would be payable, have been £1,047).

CASE 2: If she moves to a £15,000 flat, she can take out a £12,000 home-income plan linked to an option mortgage. £12,000 will buy an annuity of Less mortgage interest (at an option mortgage rate of 4½ per cent) £510

Total pay-out from home-income plan £730 The proceeds from the sale of her house leave her with a net £5,000 of free capital after moving expenses of £2,000. If this is invested in gilts it will give a return before tax of £650

Total increase in her income before tax Her income has risen so much that she will now probably have to pay some tax—around £90 would be typical Total net boost in her income £1,290

her old house she took out a £12,000 home income plan annuity.

At the same time Hambro Provident advanced her a mortgage of £12,000 to help her buy the new home.

The immediate attraction of the move was that she was left with free capital of £5,000 after removal costs were paid. The money was invested to provide an additional income of about £560 a year on top of £730 from the home-income plan. The total benefit to her was £1,290 a year.

Because the loan is on an option basis the interest rate she is paying is only 4½ per

cent compared to 6 per cent payable in a normal Hambro home-income plan—a peculiarity of most home-income plans is that the interest used is well below market rates but the company makes up its loss on this side by paying lower than usual annuity rates as well. The full figures are shown in the table, which brings out the huge difference that the new scheme makes for non-taxpayers.

As house prices go up, companies are prepared to increase the loan, but even in the case of Hambro's new scheme, this additional sum will not qualify for the option mortgage.

Is the OFT Juggling the figures right?

Opinion

THE LATEST move of the Office of Fair Trading in persuading building societies to give borrowers greater freedom of choice in insuring their home looks very much like taking a large sledgehammer to crack a small nut. And in doing so, the OFT has scattered the pieces to the four winds.

No one can dispute the principle behind the OFT's demand that from this week, borrowers will be able to choose from at least three insurance companies in arranging their insurance cover on their house or even propose a different insurance company of their own choice—a company, however, that has to be acceptable to the society. For me, this move has come 20 years too late. When I took out my first mortgage, I was forced to use the insurance company chosen by the building society, even though I was then working for a leading composite and could have got the cover cheaper. It rankled at the time because then as a newly-married man I needed every penny.

There are quite a few cut-price insurance contracts available for borrowers. But under modern competitive conditions, premiums can only be cut by streamlining the cover provided. Some contracts do not provide cover against flood, others exclude subsidence. If a policyholder who owns his house outright wants to take a gamble, because he lives on the top of a hill, or his house has stood for 50 years, it is up to him. But if the building society has a leading composite then it should have some say in ensuring that its mortgage is covered.

So when a new policy is presented by a borrower, the building society has to scrutinise it carefully to ensure its cover is adequate. This is trouble enough for a major society with its own insurance department, but a nightmare for a smaller society. It is going to send administrators soaring and at the end of the day, it will be building society borrowers and savers who pay.

This leads on to the other point which upsets some borrowers. The amount of commission paid to building societies by insurance companies on block policies looks grossly excessive and money for old rope for societies. Insurance companies will pay up to 40 per cent commission, compared with only 10 to 15 per cent on an insurance broker. On the face of it, it is approaching a racket.

But the major insurers are emphatic that the building society has to earn this extra commission. It issues the policy, the renewal notices, keeps the records, collects the premiums and handles some of the claims work. In many cases the insurance company does not ever deal direct with the borrower—unless a claim arises. And the building society is responsible for ensuring the amount of cover is kept up-to-date.

The actual commission rate depends very much on the amount of administration undertaken by the building society. The average premium per policy is in the region of only £16 a year. For the amount of work involved, £640 per policy does not seem excessive.

More information on costings would help dispel the accusation that the consumer is being fleeced.

Building societies and insurance companies should by all means continue to keep premium costs down. But if a cut-price operator enters this field willing to accept lower commission for the block insurance contract, he would have to demonstrate that he can provide a good service especially when the crunch comes at the time of a claim.

ERIC SHORT

IF YOU are shopping around for a with-profits policy, take a close look at how insurance brokers work out projections of maturity values.

Brokers and agents are currently reworking their bonus projections on the basis of the latest bonus declarations and in many cases the maturity values they are coming up with are higher than the official projections quoted by the companies concerned.

The importance of comparing companies' bonus projections and comparing them on the same basis is underlined each year by the big differences between the best and worst pay-latest bonuses maturing now. In last year's Money Management league table of with-profits performance, for instance, the best policies in many cases paid out up to 50 per cent more than the worst.

Among 15-year policies for instance, a man aged 30 at the outset who paid premiums of £10 a month would have ended up with a pay-out of £3,579 from the best company, Clerical, Medical, but only £2,358 at the Zurich.

Where life companies declare reversionary bonuses annually, it is quite acceptable to use the latest rate in estimating future bonuses. Some companies, however, build up their reversionary bonuses over a three-year cycle so there can be a problem if the interim bonus rate is different from the rates in the last complete cycle. Many life companies use the lower rate in their quotations. But agents and brokers may use the higher rate to clinch a sale.

At Clerical, Medical, for instance, bonus projections are based on a 5 per cent rate if you go by the last complete cycle, but only 4.75 per cent compound if you go by the latest interim rate. The company uses 4.75 per cent in its quotations which gives an esti-

LIFE POLICIES

ERIC SHORT

rated maturity value for each £1,000 sum assured of £3,171 over 15 years. That compares with a maturity value of £3,236 on a 5 per cent basis—not much difference over all but enough to clinch a sale. For a 25-year policy the maturity values work out at either £4,415 or £4,836 per £1,000 of sum assured, depending on your choice of bonus rate.

There is scope for considerable misuse of terminal bonuses. These tend to be more volatile than reversionary bonuses. They are supposed to reflect the unrealised capital appreciation in the underlying assets of the life fund. With some life companies the proportion of terminal bonus in the maturity value is small, with others it is quite significant.

On last year's with-profits projections published by Money Management, the Teacher's Assurance, for example, showed terminal bonuses accounting for 16 per cent of the projected maturity value. At the Prudential, the terminal bonus accounted for 11 per cent and at the Equitable it was 10 per cent. On 15-year Norwich Union policies maturing now, the terminal bonus accounts for 14.4 per cent of the amount paid—£482 out of £3,337.

Many companies, particularly the Scottish ones, are adamant that terminal bonuses should not be used in quotations. Other companies feel that as terminal bonuses are part of the bonus system they should be included. If brokers feel the official

figures quoted by a company are too conservative, they are free to produce their own projections on more favourable assumptions.

Under the code of conduct for registration of brokers, will, however, eventually be bound by a company's official projections. The Life Offices Association and the Scottish Life Offices are jointly looking at the question of bonus projections. A code of practice, agreed with the British Insurance Brokers Association, is needed to help the consumer. My preference would be for a series of quotations to provide some idea of the range of possible maturity values on different assumptions. But any investor on being presented with a quotation should check on the assumptions being made.

Finally, a real life case from the Industrial Assurance Commission's report in Industrial Assurance for 1977. One of his responsibilities is to adjudicate on disputes about industrial branch policies. In one case recently, the claimant was seeking a return of premiums on the grounds that the projections he had been quoted misrepresented the likely maturity value. The Commission found that the agent involved had in effect guaranteed a minimum maturity value considerably in excess of the actual estimated maturity value and decided in favour of the policyholders.

There is no similar ombudsman for ordinary life policies. If the dissatisfied investor cannot get satisfaction from the life company he has to sue in the courts. This could be expensive, time consuming and perhaps not as likely to succeed. A Commission for ordinary policies with similar powers to the Industrial might be a salutary curb on salesmen who use extravagant bonus projections.

Look, no capital gains tax

INVESTMENT

TERRY GOGG

THE PRICE of indulging your ego with a personalised car number plate is still rising despite the boarding up of the industry's main show window, The Sunday Times.

"Cherished" number plates, as the car trade calls such collector's items as ANN 1 and COM 1C, have been a bull market for years and the growing interest in them was reflected in the small ads columns of The Sunday Times. Dealers say the Sunday Times closure has been a blow to the market but most of them regard other Sunday papers, motor magazines and Exchange and Mart as an adequate alternative. One dealer, however, is planning a direct mail shot to Rolls-Royce owners but others have been put off such a course by the expense.

No official statistics are kept on price movements but dealers reckon that values have risen by an average of around 17 per cent a year for most of this decade. David Kempson, secretary of the Cherished Numbers Dealer Association, puts the buoyancy of prices down to the combination of diminishing supply and increasing demand.

everyone will realise that the initials of the driver do not correspond with those on the number plate. Such a subtle fudge can, if they have no date letter, offer the benefit of concealing the age of your car with the potential of making a little capital gain by selling the plate later. Alternatively it could add extra resale value to the car.

Old, rare numbers—such as those with a single letter—are more expensive but they are probably the best investment. Demand is influenced by the level of activity within the economy as a whole. When the economy is in a bull phase, little eccentricities can be indulged. When outbacks are required the size of the potential buyer pool shrinks.

At the very top end of the market are such special cases as RR 1 or A1. These very rarely appear on the market and are usually bought by direct negotiation.

The bulk of the business is in initial plates, plates with an easily memorised combination or plates which simply remove the rather vulgar year of registration letter from that two-year-old Rolls-Royce.

Company Directors

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You can enjoy major tax benefits with this exempt approved pension plan

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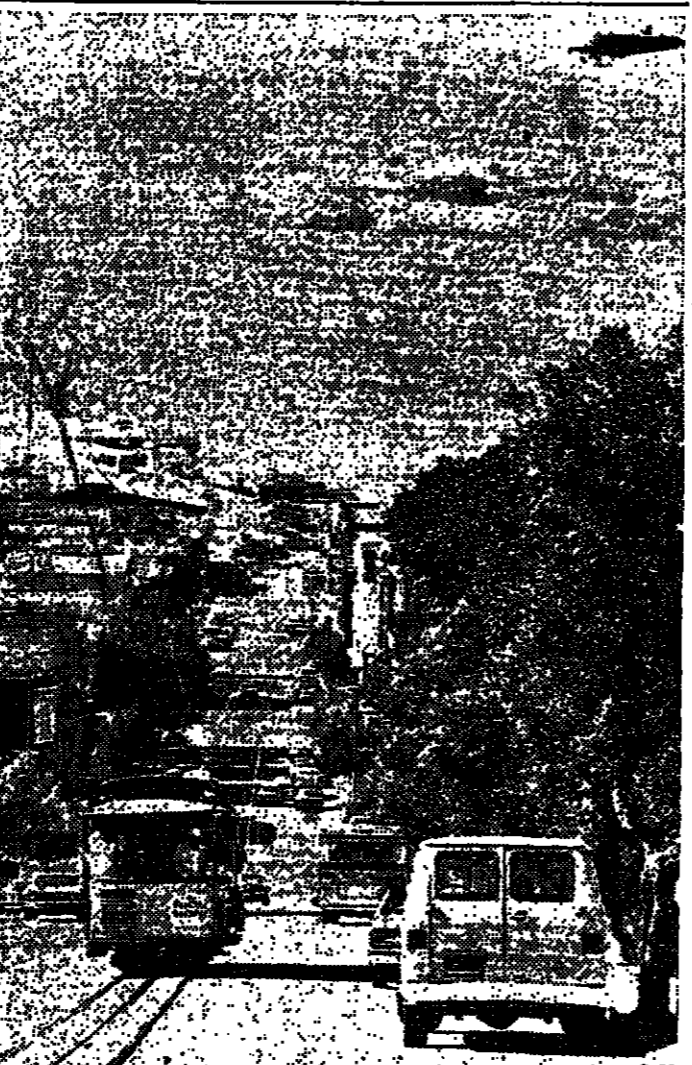
Sun, sea—and sense

With floating exchange rates, the purchasing power of holidaymakers' pounds gyrates bewilderingly from one year to the next. Colleen Toomey has checked how far the pound now goes in major holiday countries

THE PURCHASING POWER OF YOUR HOLIDAY

Table with columns: Country, £ against local currency, Cost-of-living change, Purchasing power of your £. Rows include W. Germany, France, Italy, Switzerland, Holland, Spain, U.S., Greece, Morocco, Bahamas, etc.

GREECE OFFERS not only sun, good food and history, it also offers value for money. An international survey on currency movements and inflation rates shows that since last summer, holidaymakers get about 4 per cent more for their pound.



Golden opportunity: America is a close second to Greece

are relatively cheaper than German or Japanese and a holiday in America costs less than in some European countries. The dollar has fluctuated wildly and the pound ended the period with a gain of almost 7 per cent against it. America's cost-of-living rose by around 3 per cent giving the holidaymaker increased purchasing power of 3.7 per cent.

Barbados, increasingly popular since air fares have come down has also shown a useful improvement in the pound's purchasing power.

The pound is now worth more than 6 per cent more in terms of the Barbados dollar. Prices

have risen steadily since last summer by 4 per cent giving a net advantage of about 2 per cent. Other countries fared less well. The pound has lost out against the Dutch guilder, the Spanish peseta, the Swiss franc and the Italian lira. And even though the cost-of-living in West Germany and Switzerland has fallen slightly—by around 0.2 per cent in both cases since the summer—holidaymakers are

Ha'penny's difference

ALTHOUGH BRITISH postal rates have remained fairly static over the past year there have been a few slight increases which came into effect at the beginning of this month. They do not affect the general public at all; collectors of special event postmarks will now have to pay a penny, rather than a half-penny, extra on each cover; and the charges for the special event cancellations of those individuals, organisations and firms that sponsor them are increased by about 10 per cent. Before anyone rushes off to report the Post Office for breaking guidelines on price increases I should point out that, for a little over £20, the special postmark service is still by far the cheapest publicity gimmick ever devised.

For at least a century the Post Office has been providing temporary postal and telegraphic facilities at exhibitions, congresses, agricultural shows and major sporting events. Often the handstamps used on such occasions were specially designed and the more registered letters were handstamped that day the skeleton postmarks now rank among the great rarities of British postal history.

STAMPS

JAMES MACKAY

The historic event which took place at Alloway, 20 years ago this week was an isolated case and it was not until 1964 that handstamps were provided for a one-day event unconnected with any temporary post office. Pictorial datestamps were used at North and South Queensferry in September, 1964, to celebrate the opening of the Forth Road Bridge and cancelled the commemorative stamps on the first day of issue. Significantly, steel datestamps of the conventional type were used throughout September, but similar stamps made of plastic were used on September 4 only.

The same month a rubber datestamp was used at Henley to mark the 20th anniversary of the Warsaw Rising. This mark, sponsored by Polish emigres, was the first in a lengthy series which commemorated a historic anniversary rather than served a contemporary event. These plastic and rubber dies were fitted to self-inking stamps and since they were much cheaper than steel dies to produce the Post Office was able to reduce the cost of special event handstamps to the sponsors. This led to a tremendous upsurge in the use of such stamps, while the reposting service offered by the Post Office to collectors at a trifling charge has greatly stimulated interest in these marks. Details of all special event postmarks are given in the fortnightly Postmark Bulletin, available from the Philatelic Bureau, Edinburgh EH3 9BB (£2.50 UK, £3.16 Europe).

The majority of special event handstamps have so far been sponsored by philatelic organisations and stamp dealers. Warwick and Warwick, for example, use a different "special" each month from the central on Coventry, these Warwick specials are the only postmarks bearing the town's name—an important concession for tourists. Relatively few commercial organisations, however, have made use of "specials" which, considering the many advantages, is astonishing. One com-

pany which has used them is IDC of Stratford-upon-Avon. The design and construction of the new parcel concentration office at Southampton in 1973 and the head Post Office opened in Liverpool in October 1977, so it was appropriate that "special event" handstamps should be used on souvenir and promotional material on these occasions. IDC went a stage further last October when it sponsored the first commemorative parcel label and parcel datestamp, used at Milton Keynes sorting office in the handling of 1,000 parcels containing a medalion commemorating the completion of the new Volkswagen headquarters. The potential of "special event" handstamps is enormous. Since postage meters are confined to a company's own mail, the "special" offers an opportunity to get one's name and logotype on mail destined to become collectors' items all round the world. "Specials" can be used for goodwill mailing to dealers, agents and valued clients alike, and they overcome customer resistance to mailshots which might otherwise be consigned automatically to the waste paper basket. Your local Head Postmaster will be only too happy to provide further details of this service.

LEISURE

Cold comforts

MYTHS ABOUND in gardening as I was pointing out a fortnight ago when writing about the effect of cold on soil or pests or, more accurately, its non-effect. A picture in that same issue showing me pruning apple trees in the snow has brought an alarmed letter from a reader suggesting that this is a highly dangerous thing to do and would I please point this out so that readers will not be misled.

Well, I have been pruning apple trees in winter since 1922, often in bitterly cold weather, and the only sufferer has been me. I do not know what happens in climates much colder than ours, in Canada, for example, or the Ukraine, but certainly in winters such as 1962-63, when it froze more or less continuously from Christmas until March, it would have been impossible to complete winter pruning if it had been any risk to the cut wood. In fact I have never seen any and I doubt that it ever happens.

GARDENING

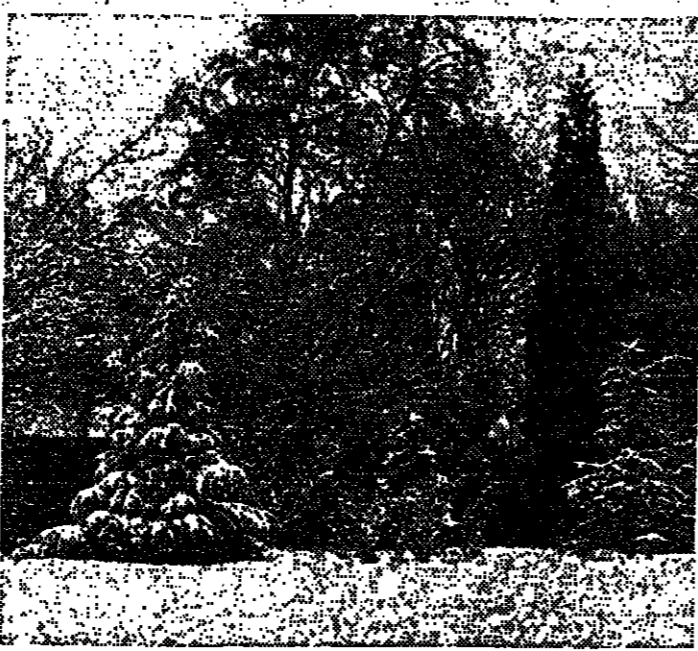
ARTHUR HELLER

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I suspect that, like some other garden myths, this one arose from our readiness to equate the responses of plants with what we would feel or suffer. We know that a cut finger quickly chaps if exposed to cold and so we assume that a cut branch must also suffer in some ways. A similar anthropomorphic outlook makes us distrust concentrated fertilisers because we know that we would not like to be fed on a pinch of salt and equate, for plants, a good dressing of manure with our own square meal of roast beef and Yorkshire pudding. The analogy is not only wrong but hopelessly misleading.

There is one positive advantage to be gained from pruning fruit trees when it is freezing. If the ground is cultivated it means that can walk on it without risk of spoiling its texture although, if there are herbaceous plants growing beneath or beside the fruit trees, one must tread warily since frozen shoots are brittle and easily damaged. There are very good reasons for not pruning some things in winter whether it is freezing or

is, but buds towards the base of the stem will remain dormant. If the stems are pruned before growth starts the power of veto will be passed down to whatever are now the top buds. There will no longer be anything to inhibit their growth but they will be able to check buds still lower down the stem. This is a major reason for delaying the pruning of roses until late March except in those districts where really severe frosts in April are a rarity. With few exceptions rose stems are hardy but the young shoots are vulnerable to hard frosts. Prune early and the very buds on which one is counting for strong growth and good flowers may start to grow prematurely and be killed for their temerity. By leaving the stems unpruned one holds back the important buds until one deems the time is ripe to let them start and offers in their place as hostages to fortune the top buds that are not needed anyway. Those who advocate early pruning of roses usually do so because they want early flowers and they cover themselves against damage to young growth by not pruning very hard so



that there will still be some basal buds left to cut back in the event of disaster. It is a matter which each rose grower must decide individually, taking into account the climate of the garden, which may differ even from that of other gardens not far away, and also how important it is to have early roses.

Much the same applies to the pruning of purple hellebore and Hydrangea paniculata both of which benefit from hard cutting back but produce young growth that is somewhat tender and therefore at risk in most places, at least until late April. So pruning is delayed until March or early April and, unless there is a freak cold in May as there occasionally is, all well. By contrast the young growth of many varieties of clematis, including all the Jackmanii tribe, is very hardy and whether one prunes or not many shoots are well advanced by early March and seldom suffer any damage. So in their case pruning can be done at the end of February. But remember it is only the late flowering varieties that should be pruned then. Those that flower in April, May or June do so on growth made the previous year and so early pruning simply results in a loss of flower. The right time to prune these later varieties is as soon as the flowers fade.

Local authorities have only recently woken up to the pleasure and profit that can be had from golf. Our correspondent investigates the amount of money spent and the number of courses built or planned.

An investment for future pleasure —and profit for the ratepayer

IT SEEMS that at last local authorities in Britain are beginning to recognise golf as one of the fastest growing boom sports, and that something has to be done during the remainder of the 20th century to try to rectify a hopeless situation in which the supply of public facilities has come nowhere near to meeting the demands.

and during the period concerned (1972-77) 98 public courses were completed compared with 137 in the private sector.

But in that same period there has been some local authority investment in public golf that has not been grant-aided by the Sports Council. So the total public sector investment could be as high as £5m during the 70s. This may seem a drop in the ocean by comparison with other British sports in terms of participation—more than 3m active golfers, plus a million casual or spasmodic players—golf in the public sector has not fared too badly. It came out behind only swimming,

scorecard — 20 — all — wonderful value. In 1977 Northampton Borough Council opened the best comprehensive golf centre in the country, at Delapark Park which costs £360,000 with a fine clubhouse costing another £200,000. It made a profit in its first year of operation of about £5,000. Some 40,000 people used the driving range, 27,183 the par three course, 11,543 the pitch and putt. From July onwards 10,467 played 9 holes each on the main course while a further 14,628 went the full 18 holes—all this out of a population of only 150,000.

Despite the lack of available land in Great Britain, it is quite disgraceful that enthusiastic golfers habitually arrive at first light, or even before it, at municipal courses to wait for a starting time that may be close to midday. Another thing which has been discussed at this level are golfers who get away they will take four hours and upwards to complete their rounds waiting on every shot.

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GOLF

BEN WRIGHT

In early October last the North Bedfordshire Borough Council staged a two-day seminar on Municipal golf, in collaboration with the Eastern Regional Sports Council, that was attended by 70 local Government sport and recreation officers. It was the first time that Municipal golf had been discussed at this level since the Sports Council became an executive body under a Royal Charter in 1972. Previously it had been only an advisory body.

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The Sports Council Budget in 1978-79 for all sports is £15.2m. Between 1972 and 1978 £2,962,508 has been invested in municipal golf by local authorities and the Sports Council acting together. Of that sum the Sports Council provided grants of £375,898 to local Councils to encourage the building of and improvement of golf courses.

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CHESS

LEONARD BARDEN

THE ANNUAL Russian championship, held late last month in Tiflis and overlapping with Hastings, was remarkable not so much for the winners (Tal and Zeshkovsky 10, Georgadze 9, Romanishin, Geller, Belyavsky and Sveshnikov 8, Kasparov 8, Bagirov, Makarichev, Timoshenko and Gulko 8, Tukmakov, Razuvayev and Mikhailchishin 7, Dorfman 6, Kuzmin 6.

which I reviewed on November 25, Kasparov is the best 15-year-old ever apart from Fischer, even Mecking, records do not quite compare. When Kasparov was only 11 but already showing exceptional promise, I wrote an article forecasting that he would become world champion around 1990; and that now seems an even more realistic assessment.

in her home city of Tiflis where the young talent was given a late vacancy. Thus Kasparov has better chances of winning Karpov's throne in 5-10 years than Benjamin (U.S.) and Short (England) even if the latter prove themselves his equal when they reach age 15.

most likely to challenge Karpov. Kasparov was ahead of both the previous year's winners, Gulko and Dorfman, and his list of individual victims is pretty impressive—he beat Polugaevsky, Belyavsky, Dorfman and Kuzmin. On this form and his two earlier Soviet tournaments

But Karpov in 1973-75 played through the complete round of zonal, interzonal, candidates matches and crowning as world champion without leaving Soviet soil, while the 17-year-old Maia Chiburdanidze, who recently became women champion, was helped when she scored indifferently at the zonal stage by organisation of an interzonal

Though Kasparov is a graduate of Botvinnik's chess school for talented youngsters, his style is not just an echo of the ex-world champion's. He bamboozled Polugaevsky with an original bishop sacrifice in an opening, while this week's game is a pleasing mixture of strategy and tactics. White: G. Kasparov. Black: J. Dorfman. Opening: Ray Lopez (USSR championship 1978). 1 P-K4, P-Q3; 2 N-KB3, N-QB3; 3 B-N5, P-Q3; 4 B-R4, N-B3; 5 O-O, B-R3; 6 R-K1, P-Q4; 7 P-KR3, B-N2; 8 P-B3, O-O; 9 Q-N2, B-KB1; 10 P-Q4, P-R3; 11 P-Q5, N-N1; 12 P-B4, P-B3; 13 R-P2, R-P2; 14 B-K2, B-B7; 15 R-P2, P-N5; 16 B-R4, N-B3; 17 Q-P4, P-N5; 18 B-R4, N-B3; 19 N-B1, Q-N1; 20 P-N4 (the normal manoeuvre is N-N3-B5 but White spots that the real weak point is KB7), R-B1, 21 N-N3, N-Q1; 22 P-N5, P-P2; 23 N-NP, R-P (N-N2-B4 looks a better defensive try); 24 B-N3, R-Q5 (if R-B3 one idea is Q-B3 intending Q-B5 and N-R5); 25 Q-E3, N-Q2; 26 B-K3, N-B4; 27 B-R2, P-B3; 28 B-Q5, B-K2; 29 P-R4, N(1)-K3; 30 B-N1, P-B2; 31 Q-B4, P-Q8 (Black thinks to set a trap); 32 N-XP, P-Q7; 33 R-Q1, P-Q4; 34 P-P, N-N3; 35 Q-K4! B-B4; 36 Q-XN ch, K-R1; 37 K-N3 (avoiding the last hope 37 R-XP?? Q-N ch), Q-B5? 38 Q-B8 ch, K-R2; 39 Q-XB (B5). Resigns.

BRIDGE

E. P. C. COTTER

TONY TRAD, who organises the enjoyable tournaments at Cranston-Sierre, played this grand slam in the European Championships over 20 years ago:

fect technique and card reading, or hunch, if you feel less charitable. South needed great confidence and courage to throw that five of spades. The next example comes from the Melia Open Pairs Tournament, and shows how excellent dummy play makes that vital overtrick:

With both sides vulnerable, North opened the bidding with one spade, and South said two hearts. North rebid three clubs, a waiting bid, and South said four hearts. This jump in an already forcing situation showed a solid suit, so North bid seven hearts. When West led the club King and dummy was exposed, the opponents said Tony seemed under great tension, and Tony felt that the spades were not breaking. East dropped the Knave of clubs under dummy's Ace, and declarer cashed four rounds of hearts, on which West and dummy discarded two diamonds, and East the ten of clubs.

South dealt at game to North-South and bid one heart, North replied with one spade, and East doubled, which was a dubious course of action. South rebid three diamonds, and North's raise to four hearts brought the auction to an end. West led the singleton spade to East's Ace, and the seven was returned. The contract was in no danger, but the declarer, the famous Pietro Forquet, anxious to restrict his losses to the two major Aces, ruffed with the ten of hearts, and then crossed to the table by overtaking the club King with the Ace. This was done in order to lead a low heart from the table and clarify the trump position. When East produced the Knave, the declarer had no further problem. If East led another spade, he could ruff with the King of hearts, and then pick up the outstanding trumps.

Spassky v Pachman, Havana 1962. White (to move) is rook for knight up, but Black has strong is passed pawns; how should Spassky continue? Spassky is in London this afternoon when he takes on the national junior squad over 30 boards after the Evening Standard congress at Highbury Grove School. Nigel Short, who at age 13 has already beaten Korchnoi and Petrosian in simulms, leads the juniors.

On the next heart, when West threw another diamond, South decided to part with dummy's fifth spade, and East let go the diamond Knave. Now dummy's four spades were cashed, and the fourth spade caught East, who held King, nine of diamonds and nine, five of clubs in a ruffing squeeze. To keep his diamond King guarded, East had to discard a club, and now a club was led from the table, and ruffed in hand. Dummy's eight was now established, and the declarer had the diamond Ace as entry to the table to enjoy his 13th winner. What a combination of per-

White mates in two moves, against any defence (by G. Heathcote). Solution Page 14

Chessboard diagrams for a puzzle. The board shows a position with White to move. The puzzle is titled 'WHITE (8 men)'. The solution is provided as 'White mates in two moves, against any defence (by G. Heathcote). Solution Page 14'.

Barclays leisure trump

THOSE who sponsor the various leisure and sporting shows which dot the exhibition calendar, ranging from boats and do-it-yourself to skiing and camping, cannot have been terribly amused by the arrival of Barclaycard on the scene as a substantial rival.

The card company is to sponsor an all-embracing leisure exhibition in August of next year under the wince-provoking title of Recro '80. Barclaycard is sinking some £100,000 into the scheme which it clearly hopes will be an investments

EXHIBITIONS

JOHN BECKLEY

that will be self-liquidating and possibly even profitable. However, the real gain in Barclaycard's eyes will come from spreading its name around. Television has already expressed interest in the daily sporting events which are promised. Barclaycard has made great play of the fact that the Henley Centre for Forecasting expects £24bn to be spent by the British on leisure pursuits this year. Recro 80, which will be staged at the Royal Showground near Kenilworth in Warwickshire, will try to capture just a few of those pounds and a large slice of the audience.

It will be interesting to see what Barclaycard space seesmen make of the leisure industry as exhibitors. This huge business is in fact highly fragmented and while some aspects of it, boats and caravans perhaps, have shown eagerness for exhibitions as a form of selling others, notably the holiday companies and domestic electronics, have not. However, Mr. Robert Gathercole, managing director of the company set up to run the show, reckons that "industries involved in leisure urgently need a shop window to show people just what they have to offer. Just as people themselves need a central reference point where they can see what is available in order to make their choice."

The card company, obviously keen to put one over rivals Access, Diners and American Express, is running the show at the peak of the summer season and if things go well it could quite easily become a focal point for what is usually a sluggish time of the year for both news and entertainment—even if the name Recro 80 does sound like another rival to Polybilla rather than a leisure show.

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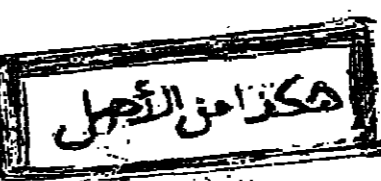
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MOTORING

Rover's return

BY STUART MARSHALL

SUDDENLY, the Rover shortage is over. You see them in the fast lane of every motorway; no stockbroker belt station car park is complete without a half-dozen of them.

Last year, well over 30,000 Rovers were registered in Britain. That was more than the combined total of Jaguars, BMWs and Mercedes, and roughly double Rover home sales in 1977. This year, another 50,000 Rovers could go on to British roads.

My local distributor was starved of cars a year ago and deeply pessimistic for the Rover future. This week, he could offer me a 2600 or 3500 off the shelf, providing I was not too

fussy about colour. Even a 2300, which this time last year was literally unobtainable, could be in my hands within the week.

In the past fortnight I have covered more than 600 miles in a 2300, equipped with the optional five-speed gearbox, power assisted steering and tinted glass. Once again, I have been struck by the dramatic differences between the new and old-style Rovers.

Jaguar Xis are recognisably from the same blood line as the 15-year-old S-type saloons, even the 22-year-old Mk. IIs. Compared with their predecessors of ten or more years ago, a Mercedes or BMW will show evolutionary, not revolutionary, change. But the present generation of Rovers are quite different from the P6 cars—the 2,000, 2,200 and 3,500—they replaced. They were designed to be made in greater volume for sale mainly to people who had never driven a Rover before. They are simpler cars. They feel, look, sound and even smell different.

Unlike the 3500 V8, the 2300 and 2600 models do not have so much as an engine to link them with the P6 cars. If you lift the bonnet—something I suspect most Rover drivers do only to refill the screenwash reservoir—you see straight-up, with enough working space around it to please the second and third-hand owners to come.

In my 18-month-old, 14,000-mile test car, the engine looked rather a rough old lump but it ran smoothly enough. It had to be worked fairly hard, seeming to lack power at low revolutions. In traffic, first, second and third gears were in constant use. For brisk motoring on the open road, fifth was fine on fairly level ground, but fourth, even third, were needed, often on hills, especially with a car full of people and luggage. On the motorway, fifth gave relaxed cruising at business motorist's speeds. The engine could be heard when accelerating hard. On the motorway, though, it was wind roar from the nearby mirror and aerial that had me

reaching for the radio volume control.

Top speed is around 110 mph and I don't doubt that the five-speed Rover 2300 could be cruised at anything up to 100 mph on the autobahn. My fuel consumption was a disappointing 22 mpg, but this did include a fair amount of short runs with frequent cold starts in bitter weather. The 2300 should better 30 mpg on a long journey, driven with restraint.

The ride is firm, level and more than acceptable, though on rough roads one is aware that the rear suspension is not independent. In arriving at the ride/handling compromise, Rover came down in favour of handling, and the 2300's high-speed cornering and roadholding are as good as any car in its price class. The optional power steering is sharply responsive and almost effortless when parking. Even on slush covered roads, I found the Rover thoroughly enjoyable. The driving position is just about ideal; the controls (other than the gearshift, which feels

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1978 ROLLS-ROYCE SILVER SHADOW II SALOON
Carnival Red with Black Hide and Red Inserts and special interior trim. 7,000 miles

1977 ROLLS-ROYCE SILVER SHADOW II SALOON
Le Mans Blue with Magnolia Hide. 18,000 miles

1976 ROLLS-ROYCE SILVER SHADOW SALOON
Silver Mink with Dark Blue Hide. 18,000 miles

1976 ROLLS-ROYCE SILVER SHADOW SALOON
Caribbean Blue with Red Hide. 28,000 miles

1974 ROLLS-ROYCE CORNICHE CONVERTIBLE
Le Mans Blue with Beige Hide and Dark Blue Hood. 18,000 miles

1973 ROLLS-ROYCE SILVER SHADOW SALOON
Sand with Porcelain White side panels and Red Hide. 48,000 miles

1972 ROLLS-ROYCE SILVER SHADOW SALOON
Astral Blue with Silver Mink side panels and Blue Hide. 3,600 miles

1978 BENTLEY T2 SALOON
Moorland with Beige Hide. 8,000 miles

1978 ROLLS-ROYCE SILVER SHADOW II SALOON
Pawter with Green Hide. 1,100 miles

1978 ROLLS-ROYCE SILVER SHADOW II SALOON
Black with Special Tan Hide. 6,000 miles

1977 ROLLS-ROYCE SILVER SHADOW II SALOON
Shell Grey with Red Hide. 12,000 miles

1976 ROLLS-ROYCE SILVER SHADOW SALOON
Black with Black Everflex Roof and Black Hide. 8,000 miles

1976 ROLLS-ROYCE CORNICHE SALOON
Silver Mink with Dark Blue Everflex Roof and Dark Blue Hide. Fitted with Camargue air conditioning. 22,500 miles

1975 ROLLS-ROYCE CORNICHE CONVERTIBLE
Dark Olive with Beige Hood and Beige Hide. 24,000 miles

1974 ROLLS-ROYCE SILVER SHADOW SALOON
Walnut with Tan Everflex Roof and Beige Hide. 46,000 miles

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HOW TO SPEND IT

by Lucia van der Post

Champagne Quiz Answers

THE PROLONGED festive holiday, the weather and industrial non-action were all added problems for the gallant army of New Year quiz entrants. But still the entries came in... as did the phone calls from those who had missed the announcement that the quiz deadline had been extended by one week. We thought it only fair that readers who were snowed in had a little longer to struggle to their reference libraries and postboxes when the thaw finally came.

Once again, on reading all the entries, we were amazed at the breadth of knowledge displayed by our readers and delighted by the ingenuity involved when that knowledge runs out. We were particularly impressed by the reader who expanded his coach to take 3,556 passengers on the golf club outing and by the reader who, tongue firmly in cheek, suggested that those statues in Athens were really the Mermaid theatre.

Mickey Mouse's 50th birthday in 1978 apparently failed to come to the notice of some, so the high voices of Demis Roussos, Danny La Rue and Jimmy Clitheroe were imaginative (though incorrect) alternatives.

A few readers had us checking in the BBC archives and we were amazed to find that Dr. and Mrs. Dale's dog was also called Bosun.

One question which tripped up many people was the identification of the Blue Mosque; many thought the picture showed other buildings in Istanbul, yet others placed it variously in Granada, Rome and Krakow.

The very last question had everyone fishing for the answer. The official translation for all three words is *hake*. Local colloquialisms tend to make for confusion, so we were lenient in our marking. Those further interested in the subject may like to refer to *Mediterranean Seafood* by Alan Davidson (Penguin, £1.25).

Many congratulations to our worthy winners. The balance from previous years has been slightly redressed as we have two women winners this year — both from Woking — obviously nothing much was happening in Woking over New Year! The winners — to whom magnanimous of champagne will be winging their way — are: R. J. Pinfold, of Gerrards Cross and Mrs. D. Shepherd and Mrs. P. A. Stewart, both of Woking.

Shakespeare

- In what Shakespeare plays do the following quotations appear?
- Let not my cold words here accuse my zeal.
Richard II
 - Give me my robe, put on my crown: I have immortal longings in me.
Antony and Cleopatra
 - Mine eyes are made the fools' o' the other senses.
Macbeth
 - O then began the tempest of my soul.
Richard III
 - This was the most unkindest cut of all.
Julius Caesar

Historical

- In what year did the following events take place?
- Signing of the Magna Carta
1215
 - Battle of Agincourt
1415
 - The General Strike
1926
 - Sinking of the Lusitania
1915
 - Battle of Marathon
490 BC

World of Sport

- What sports or games are referred to here?
- The dedans.
Real tennis
 - Dribbling up to the circle, he scored a goal.
Hockey
 - The backward finesse.
Bridge

Who or what is or was?

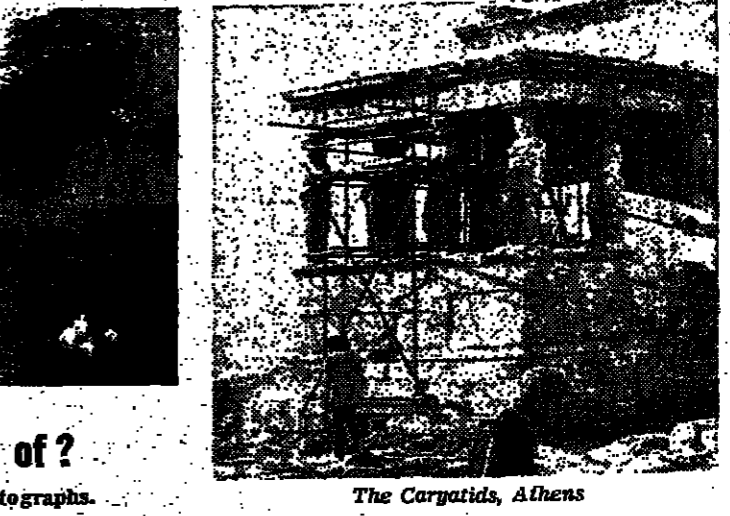
- An Indian runner.
A duck
- The Flanders mare.
Anne of Cleves
- Dutch courage.
Courage induced by alcohol
- An Irish bull.
An illogical expression
- Bombay duck.
Dried fish



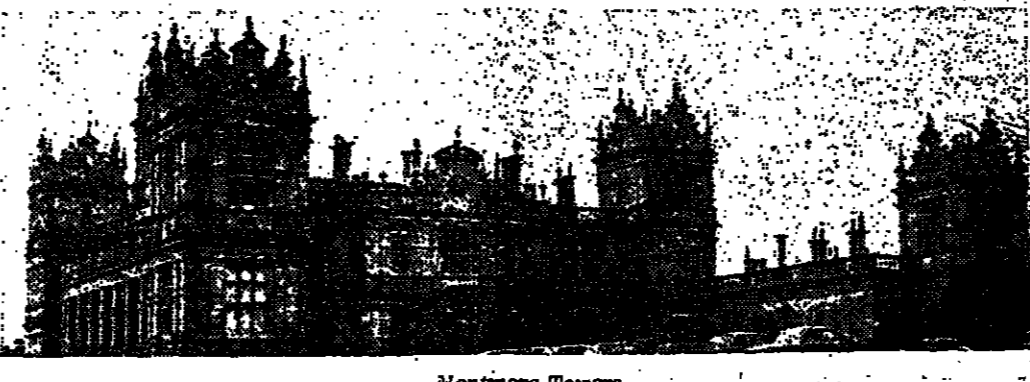
The Blue Mosque (of Sultan Ahmet)



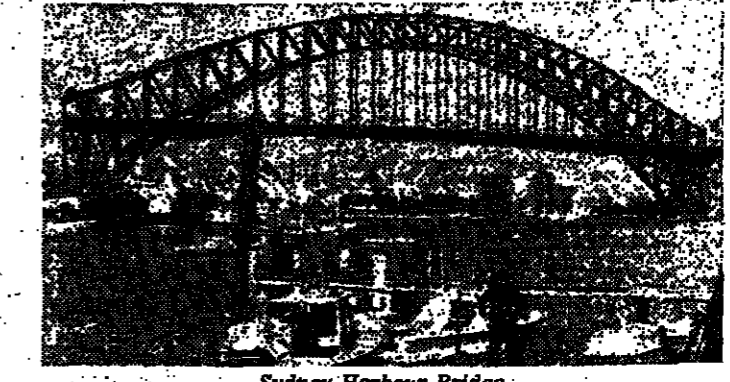
Leeds Castle, Kent



The Caryatids, Athens



Mentmore Towers



Sydney Harbour Bridge

What are these pictures of?

Readers were asked to identify these photographs.



f. Sharron Davies



e. Peter McEvoy



b. Greville Starkey



a. Ally McLeod



c. Martina Navratilova



d. Steve Ovett

Readers were given clues to help identify these notable sportsmen from 1978.

Who or what is or was?

- An Indian runner.
A duck
- The Flanders mare.
Anne of Cleves
- Dutch courage.
Courage induced by alcohol
- An Irish bull.
An illogical expression
- Bombay duck.
Dried fish

Crime

- What sleuths do you connect with?
- Dorothy L. Sayers
Lord Peter Wimsey
 - G. K. Chesterton
Father Brown
 - Georges Simenon
Inspector Maigret
 - R. Austin Freeman
Dr. Thorndyke
 - S. S. Van Dine
Philo Vance

Canine

- What do you know of these dogs?
- Flush.
Belonged to Elizabeth Barrett Browning
 - Argos.
Belonged to Odysseus
 - Cerberus.
Three-headed dog which guarded the entrance to Hades
 - Boatswain.
Belonged to Byron
 - Mick the Miller.
Famous racing greyhound

How numerate are you?

- I asked my wife to buy me one pound's worth of 9p, 7p, and 3p stamps. I said I needed 14 stamps with more at 9p than 7p. What did she bring me?
7 x 9p, 4 x 7p, 3 x 3p
- Our golf club decided to go to the south coast for the day. The coach we hired cost £35.58. A special rate per head was fixed as there were over 50 in the party. How many were there?
56 people paying 63p each
- Uncle Sam decided to buy some ball-point pens for his nephews and nieces as Christmas presents. The number he bought was equal to the number of new pence he gave for each. There was a cheaper variety costing 4p less. If he had bought the cheaper ones, he could have bought five more pens. How many did he actually buy?
20

Gastronomic

- Anthraxose, chlorosis and phylloxera vastatrix — are all dangers that can affect what?
grapes
- Quark, crescenza, rollot — all have a flavour of their own, but what are they?
cheeses
- If 325 is 163, what is 400?
204 degrees C
- On holiday he sticks to: bacalarios, nasello or berlam, and chips. What does he eat, and which countries does he visit?
Hake in Greece, Italy and Turkey

Magic Square

Arrange the numbers 1 to 9 so that horizontally, vertically, and diagonally the columns add up to the same amount.

2	9	4
7	5	3
6	1	8

Current Affairs

- Where was Princess Margaret caught in a heavy shower?
Turatu
- Why did Menachim Begin go to Oslo?
To collect Nobel Peace Prize
- Why did the Shah go to Tabas?
Visited the site of earthquakes
- Who did Mohammed Ibrahim Kamel cross a moat to meet?
Moshe Dayan

Showbiz

- Who in the world of Show Business...
- Plans to set them dancing on the rooftops of Kensington?
Regina
 - Reached 50 without his voice breaking?
Mickey Mouse
 - Will face 1979 without being able to look to Mecca?
Eric Morley

Classical

- Give the Roman equivalent of:
- Pallas Athene
Minerva
 - Aphrodite
Venus
 - Hermes
Mercury
 - Demeter
Ceres
 - Zeus
Jupiter

People

- Readers were asked to supply the missing names.
- Publius Virgilius Maro
Percy Bysshe Shelley
William Schwenck Gilbert
Wolfgang Amadeus Mozart
Charles Lutwidge Dodgson

Equine

- What do you know of these horses?
- Pegasus.
Bellerophon's winged horse
 - Incitatus.
Belonged to Caligula
 - Copenhagen.
Belonged to Wellington
 - Bucephalus.
Belonged to Alexander the Great
 - Burraq.
Winged horse used by Mohammed

Topical

- All these places have been in the news in 1978, but where is?
- Silicon valley
California
 - Beryl
In the North Sea
 - Windhoek
Namibia
 - Narita
Tokyo
 - Jonestown
Guyana

Counting the cost

It's about this time of year that most people begin to scan their bills with anxiety. December's frivolity comes home to roost. For those who are searching for some way of economising that doesn't hurt too much PAULINE JAMES has been looking into that very complicated but fruitful area—the comparative running costs of electrical appliances.

HOW DO you differentiate between the various models of an electrical appliance on the market? Of course, you'll want to know about its performance, its reliability, its appearance, its price, before making a purchase. But something that I haven't considered up to now—and I'm sure most people don't think about—is how efficiently it uses electricity. In other words, how much it costs to run.

The Consumers' Association has recently compiled a report

An average household of four people uses about 1,355 kilowatt-hours of electricity per annum for cooking, costing about £38—6 to 10 per cent of a typical family's household electricity bill.

Electricity consumption does not seem to be proportional to the capacity of an appliance. For example, a 4 cu ft freezer will not necessarily use half the electricity of a 8 cu ft model. Nor does the consumption of different models increase consistently at higher temperature or programme settings.

To quote from CA again: the 13-inch Sony colour TV set uses 67 watts; the 18-inch Normende colour uses 222 watts; the 19-inch Hitachi uses 88 watts; and the 22-inch Antovox uses 153 watts. So you see, a small colour TV does not always cost less to run than a large one.

At the moment unless I go to the trouble of finding the technical specification—if available—of each appliance, I can't compare the electricity consumption of similar appliances. What the CA proposes is that manufacturers should label clearly all electrical goods with their electricity consumption. It believes an average household could save between £41 and £120 a year, by carefully choosing its appliances—cooker, refrigerator, freezer, washing-machine, dishwasher, TV set, vacuum cleaner, iron and immersion heater.

The most economical average-sized cooker to run, using only the large oven, costs £7.51 a year. The most expensive large oven to run averaged £16.90 a year. In direct comparison the cheapest smaller oven costs an average of £11.26 a year and the most expensive to run was around £21.40.

I could carefully try to save,

say, £10 on the purchase of my oven by shopping around—I was quoted six different prices for my oven varying from £195-£212.95—only to be lumbered perhaps with one which costs maybe £10 a year more to run than a similar model.

The running cost of a fan oven, as in my case, is of course less. The cooking time is 10-15 minutes less in any one hour and the temperature setting is usually 10-15 degrees C lower than conventional ovens need to achieve similar performance. Also in my case I see that my second/smaller oven uses 1.8 kWh compared with 2.5 kWh with the larger. But it appears that I'm lucky.

So, my conclusions are that if you are going to spend a lot of money on any appliance, it's worth doing a bit of background research first. Be a nuisance and ask to see the technical specifications—if they are supplied they are often found at the bottom of the box, and compare the electricity consumption of similar models of electricity each uses. But initially I advise you to get hold of the Consumers' Association's report which lists most of the popular models of each main household appliance on the market and their individual consumption, as well as giving information enabling us to use each appliance more economically.

In the meantime let's hope that all electrical appliances will soon be clearly labelled. Like a car, all these appliances cost money to run.

"Energy Efficiency Labelling" prepared by the Consumers' Association for the Department of Energy, is available from: The Library, Department of Energy, Thames House South, Millbank, London, SW1. No charge.

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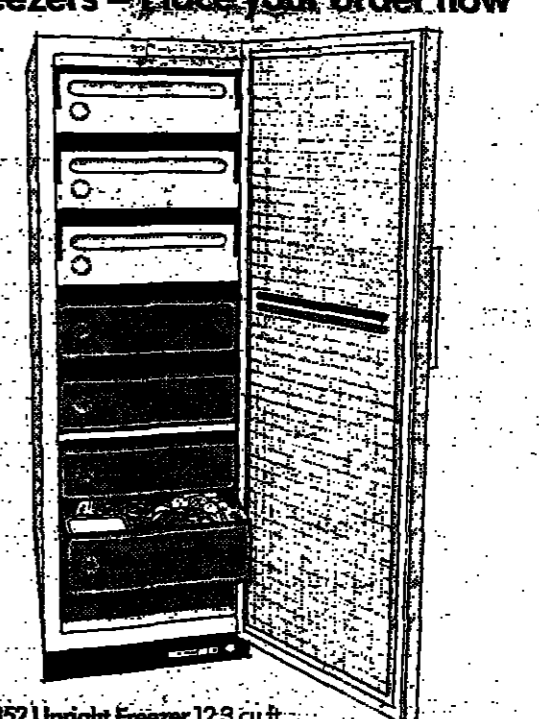
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BOOKS

Savage line

BY C. P. SNOW

The World of William Hogarth by William Gaunt, Cape, £4.95, 134 pages

Pitt the Younger by Robin Reilly, Cassell, £9.95, 380 pages

Hogarth was born in 1697, William Pitt in 1759. Hogarth's father was an amiable, ineffective man who tried to make his fortune by compiling a classical dictionary. When his son was 10, the family moved to the Fleet, imprisoned for debt. The whole story is curiously like that of Dickens's *Pickwick Papers*. One reflects that it is probably a career advantage to have an ineffectual father: the young Hogarth turned out to be not only gifted, but a remarkably tough and competent character. When his father died, the young Pitt the Younger had a father who was by no means ineffectual. At the time of the child's birth, the Senior Pitt was the national war leader and was achieving the Year of Victories. Pitt the Younger emerged as a more effective politician than his father ever was.

In quite different ways, these are two interesting and valuable books. William Gaunt's is what we have come to expect from him, unaffected, succinct, quietly funny, lit up by his connoisseur's eye. As the title suggests, he says a good deal about social conditions in early 18th-century England. Without fuss he also conveys much information about the artistic struggles — there was harsh

competition among portrait painters, who could make a lot of money. Hogarth called them phizniggers.

I could have done with more about Hogarth himself. He was one of those artists who didn't owe much to anybody. He was 5 ft high, utterly independent, irascible, benevolent, simmering with a kind of inspired disrespect. He had no use for the taste, in particular, for the Palladian taste of Lord Burlington and William Kent. He had a cheerful confidence that he could paint any of his European contemporaries out of existence. He wasn't far wrong.

Gaunt shows that Hogarth's talent as storyteller, social observer, visual journalist, has blinded people to a more fundamental gift. He was one of the best of English artists. Whistler said with his customary contempt that with Hogarth the English for once had a great painter and did not know it. He was an endearing character. He reminds one of other bright, touchy, disrespectful cockney men of genius, Dickens, H. G. Wells.

Gaunt writes about him with suitable panache. Robin Reilly writes about William Pitt the Younger without so much panache, but with judgment and deliberation, which is also suitable. Reilly seems not to be an academic, but I suspect that it would take a late 18th-century historian of unusual pugnacity to regard him as an amateur. He hasn't found much in the way of novel sources, but



"Mr. Garrick in the Character of Richard the Third"—detail from Hogarth's print engraved after his own painting, 1746.

he has examined the existing ones with extreme thoroughness and plenty of hard and experienced sense.

Pitt was one of the most valuable Prime Ministers in this country's history. He was exactly what was wanted, to get the economy in some sort of shape for the Industrial Revolution. He was surprisingly modern in his approach, much more so than the great Victorian politicians, ruthlessly competent, entirely certain of the country's future and his own. He identified himself inextricably with England, much as de Gaulle did with France.

Pitt loved England, and, again like de Gaulle, didn't think much of his fellow

countrymen. He was stiff, aloof, not prepared to waste time in ordinary human interchange. He was a splendid performer in public, and found private conversation not worth his while, though he could be witty with one or two cronies.

This sounds forbidding, but it may very well be a desirable temperament for a great politician. There is a romantic conception of politicians, rather like a conception of artists. They ought to be matey, libidinous, dazzling talkers, disorganised, somewhere on the outer shores of Bohemia. Charles James Fox precisely fits the specification. In politics, Charles James Fox was a total failure. So have been nearly all

politicians of that glamorous type. Pitt wouldn't have been so much fun to spend an evening with, but no one made more use of great gifts.

In that austere existence, there are some puzzles and incongruities. He had no interest in women whatsoever. Reilly thinks that he was a suppressed homosexual, and perhaps in his twenties not always so suppressed. That was what his enemies said, in the boisterous 18th century way, not shocked, but raucously jeering at such velvety. The evidence was, and remains, slender. It was noticed that he drank tea instead of beer. That was regarded as indicative.

He may have drunk tea, but

he also drank inordinate quantities of port. At 15 he was sickening. The diagnosis was gout, which may have been right. Gout was about as common in the 18th century as migraine is today. Who suffers from gout nowadays? The prescription for the young Pitt seems to us somewhat odd. He was ordered to drink a bottle of port a day. This he did with enthusiasm, and continued to do so on a grander scale for the rest of his life. In his thirties, master politician, the coolest head in Europe, he lived in what we should regard as a state of chronic alcoholism. He died at 46, and one of the terminal conditions was cirrhosis of the liver.

Singer and song

BY NATASHA SPENDER

The Ordeal of Ivor Gurney by Michael Hurd, Oxford University Press, £5.95, 290 pages

Ivor Gurney's tragic life story is affecting in a way which reminds us of Van Gogh's. The resemblance between the two is striking, despite their contrasting gifts. There is a bleak childhood and lifelong craving for affection; the stamping energy — and shambling enthusiasm of great talent, the passionately lyrical response to nature, and the holy fool's humble acceptance of appalling stress which finally unbines his mind.

Yet this breakdown is not entirely the sudden effect of being gassed after three years of the Ypres salient and Passchendaele, for his abiding hunger for recognition (that consolation prize for the child of a cold parent), tells of a lifetime lived quietly near the edge. Whereas Van Gogh was sustained by his painting, Gurney was fortunate in a circle of musical friends: Herbert Howells, Marion Scott, Ralph and Adeline Vaughan Williams, whose delicacy of feeling and sustained benevolence are a shining example more often to our later age of harassed helplessness and social workers' jargon.

Indeed, with his quietly perceptive, unobtrusive and poised style, Michael Hurd has exactly caught the tone of these imaginative and tolerant friends, living in the era of a West country musical renaissance, and of Georgian poetry. The impact of Great War horror is intensified by the simple, literal, and sometimes humorous accounts by Gurney himself, and by Hurd's moderation, which seems to echo his subject's heroic determination to hold on to stability and ordinariness, to ride out the nightmare.

Gurney's letters reveal, as do Van Gogh's, his sense of life's journey as a spiritual quest. In both, the vocation originating in their early religious background is fostered by innate creative impetus into expression through art. Gurney, using evocative lyric forms with graceful, introverted intensity, Van Gogh's explosive genius producing a revolution in vision.

Life in the Three Choirs cathedral town of Gloucester in the early 1900s, first as chorister, then as an organist, was a formidable Dr. Herbert Brewer, was a disciplined musical training, and a flight from the nagging tension in the home into

havens of friendship. His mother's rigid anxiety almost swamped his father's more affectionate, and poetry-loving temperament. The joy of long walks in the country being the best of Ivor's heritage from his family life. But his mentor, the Reverend Cheesman, and his friends the Harvey's and the Misses Hunt welcomed him in second homes where his passion for music, poetry, and architecture thrived.

This boisterous boy of shaggy



Ivor Gurney in 1915

appearance and intractable opinions, befriended by an equally gifted fellow pupil, Herbert Howells, so handsome and elegant of mind, avidly explored the poetry and music of their time and place, by Housman, Bridges, Vaughan Williams. His songs and instrumental works in adolescence, though derivative, were sensitive and original enough to move these academic titans of the Victorian establishment. Parry and Stanford to award him a scholarship at the Royal College of Music in 1911. His three short student years were crammed with creativity in music and poetry, despite the friction of Stanford's authoritarian teaching and the enchantment of urban student life. His exuberant musical development lasted until a bad illness and depression in 1914, alleviated only by returning to beloved Gloucestershire, roaming the countryside and visiting gentle friends.

On the outbreak of war he immediately enlisted, fervently

desiring to serve, and hoping that simple, energetic army life would cure his "neurasthenia." He wrote many poems and some of his most remarkable songs in three years of hellish trench warfare, released into a visionary love for his comrades in their mutual continuum of torment and mortality. He hoped for a "blighty" and regarded being gassed as deliverance.

But back in England, his belief that army life had cured his neurasthenia was shattered by deteriorating mental balance. He had returned, an admired war poet, to a sympathetic teacher, Vaughan Williams, at the Royal College. With only a meagre pension, post-war life was too hard for a man with great gifts but little aptitude or health for the more mundane musical jobs which could have kept him going. Disturbed outpourings, marathon walks (a childhood remedy for inward pain), and family tensions followed, culminating in his commitment to an asylum where he wore out the last long 15 years of his life. Harrowing mental perturbations yielded gradually to a sad low-key confusion of mind.

Hurd rightly attributes the final break to Gurney's childlike justice failed to reward the long years of fortitude and self-denial; he imagined great acclaim for his artistic achievements, which might have assuaged the self-punishing guilt. He wrote many beautiful songs in 1919-20 and even the early asylum years were productive. The poetry is marked by that same unsentimental simplicity of vision which gives his war poetry its poetic artifice.

The formal demands on concentration being greater for composition than for poetry, his musical gift did not long survive the onslaught on his mind. He had always excelled at the short leader, where form is to some extent imposed by the words. These songs are among the finest in English music, and merit a recording by a great singer. Ironically, his aesthetic sense is whole (words, music and landscape are one for him), whilst thought becomes progressively fragmented.

Hurd gives us a convincing and moving account of the life and work. The quality of affectionate regard and the unambitious, punning, buoyant tone of his early letters disclose a clear sight of what might have been for Ivor Gurney, had not the genetic lottery and harsh years of privation conspired to break his heart.



J. R. R. Tolkien (left) and C. S. Lewis, scholars and myth-makers, their weekly literary gatherings are the subject of a new book reviewed below

Dons' delights

BY ANTHONY CURTIS

The Inklings: C. S. Lewis, J. R. R. Tolkien, Charles Williams and their friends by Humphrey Carpenter, Allen and Unwin, £6.50, 287 pages

The Inklings were a group of Oxford dons and their friends who used to meet after Hall on Thursday evenings in C. S. Lewis's rooms in Magdalen, from the late 1930s to the early 1950s. Regular attendees apart from Lewis himself were: his brother, W. H. "Warnie" Lewis, a retired army major and expert on the age of Louis XIV; J. R. R. Tolkien, who needs no introduction from me; his son, Christopher, now the editor of his father's papers; Charles Williams, the Oxford University Press editor, who wrote mystical thrillers (*War in Heaven*, *The Greater Trumps*, *All Hallows' Eve*); Hugo Dyson, of Merton (an English Fellow, tutor of the present reviewer); Nevill Coghill.

Others who might look in were: Colin Hardie, classical tutor at Magdalen; R. E. Humphrey, Harvard, Lewis's doctor; Fr. Cervase Mathew, the Byzantine historian; C. E. "Tom" Stevens, Ancient History tutor at Magdalen; J. A. W. Bennett, the Anglo-Saxon and Medievalist scholar. The poet Roy Campbell attended one or two meetings when he lived in Oxford, and so did John Wain when he was an undergraduate. And there were other occasional visitors.

The meetings were thoroughly informal and casual. No minutes or any other records were taken, though Warnie kept a journal; yet they could develop into some quite fierce intellectual fistfights, as did any kind of dialogue with C. S. Lewis, however informal its base. The meetings were rather like training sessions in which the heavyweights of the

English faculty would give each other a workout.

Most Thursdays would include a reading from work in progress by one of the members with a free-for-all afterwards, or they might take a slice of some medieval English text and try their hands at impromptu translation. In this way books now famous, like *Lord of the Rings*, and *Out of This Silent Planet*, were read in part or whole to the group and perhaps amended before being submitted to publishers, or put away afterwards in a bottom drawer.

Had not some of these books been among the most widely read of any published in the past 50 years, I do not suppose we should have heard of the Inklings, let alone had a whole book about them, any more than we have heard of the group of young men who used to gather round Walter Pater at Brasenose to discuss aesthetic matters in the 1880s. But the lost cause which the Inklings championed has certainly come into its own in the 1960s and 1970s.

What was that cause? It is quite hard to put concisely. Some form of Christianity? Tolkien's Roman Catholicism does not intrude into his imaginative work unless you look very hard to find it; Lewis's militant Anglicanism sometimes intrudes to the detriment of his; Williams had a passion for some of the more bizarre heresies testing them against the true faith which he re-interpreted from his own devout position. The Inklings represented a total immersion in medieval patterns and habits of thought (so successfully mediated by Tolkien to millions of readers today) but even that will not quite do it. Williams, a great Arthurian and a great Dante-lover, was not quite so medieval-minded as Tolkien, who in his turn was not nearly so

enthusiastic about Williams's outpourings as was Lewis. This difference of attitude about Williams led to a kind of rift in the friendship between the creator of Narnia and the inventor of the Hobbit.

To find out more about the subtle distinctions within the Inklings and the influence they had — and still have to some extent — on the study of English at Oxford I must refer you to Humphrey Carpenter's book under review. He brings them all to life most engagingly. He has already published a (noy, the) biography of Tolkien but since then he has found new related material about what is as strange a collection of poetic scholars as ever put on sub fusc.

Mr. Carpenter is particularly revealing about Lewis, much more so than the official biography by Roger Lancelyn Green and Walter Hooper, and he is even more revealing about that odd, attractive, hypnotic man Charles Williams who had such a tremendous following among women students in wartime Oxford and has now been almost totally forgotten. The Inklings tracks down the source of many of his more esoteric ideas about black and white magic. For anyone who at any time in their metaphysical youth came under the spell of any of these people, Mr. Carpenter provides a feast of fascinating information.

Austrian patriot

BY W. L. LUETKENS

Exploding Star by Fritz Molden. Weidenfeld and Nicolson, £8.50, 280 pages.

March 1945: Fritz Molden, Austrian patriot with the rank of lieutenant colonel in the U.S. Office of Strategic Services, disguised as Sergeant Steindler of the Wehrmacht, is travelling across Austria by train from a secret mission in Vienna. The game seems to be up: military police have looked at his forged paybook, taken him to their commanding officer. But all the officer demands is that pseudo-Steindler should help with the task of checking identity papers on the crowded train.

It is only one of many hair-raising escapes which kept Molden alive while he was playing an active part in a little known chapter of resistance against Hitler. He came from a family of writers and journalists in the liberal mould of central Europe — that is to say patriotic, middle-class both in origin and in attitudes. It shows through in Molden's account of his school days in the Vienna of the 1930s when Dollfuss and Schuschnigg,

Bogie's lady

BY RACHEL BILLINGTON

By Myself by Lauren Bacall. Jonathan Cape, £5.95, 377 pages

Lauren Bacall became a top film actress and a Hollywood sex symbol when she was 18 years old and — assuming I'm reading between the right lines — a virgin. Neither state lasted long. She fell in love with and married Humphrey Bogart (three married and 25 years her senior) and her next film released was an almighty flop. For the next 11 years she was "Bogie's babe" first and anything else a long way after.

When he died of cancer after nearly a year of torture for both of them, she found herself with two adored children but very little else. She was still, however, a Star. Once a star always a star. Perhaps it was the natural magnetism of astral forces which led her almost immediately into a disastrous affair with Frank Sinatra. "Actually Frank did me a great favour — he saved me from the disaster our marriage would have been. The truth is he was probably smarter than I. He knew it couldn't work. But the truth also is that he behaved like a complete shit."

Soon she was by herself again. Before too many tears are shed, let me say that Bacall does not give the feeling of a loser. Nor does she beg for pity. On the contrary, she is strong, determined, and optimistic. Indeed as she points out with sympathetic honesty, most of the mistakes in her life have come from too much strength of will. Thus she beat her way to Sinatra, thus she determined to marry Jason Robards Jr. when everything and everybody pointed to disaster number two.

On the other hand, the good things in her life were also a product of her iron will. Although success came apparently so early, she had already been shamelessly pounding on producers' doors for years. Some of the best descriptions in the

book come from this period when she was busy being "the prettiest theatre usher" on Broadway and touring in plays that never made it back into New York. Much later, when her second marriage was collapsing, it was the same sort of guts that brought off her huge Broadway success of *Cactus Flower*. Not satisfied with that she went on to star in a musical in which she not only sang but danced.

It is no surprise, perhaps, then, to discover that her character was formed in the tough, if loving, school of Jewish New York. Behind every success there's a mother. In this case a hard-working, iron-willed divorcee whose life revolved round her only child, Lauren Bacall, alias Betty Perske, is more honest than most in giving her mother and her beloved Uncle Charlie, and indeed her whole family much of the credit for her successes. When she was filming *To Have and Have Not*, developing the famous "look," her mother was there waiting in their Beverly Hills apartment. When she got up at two o'clock in the morning to make some wild rendezvous with the still married Bogie, her mother was there to warn and discourage.

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Growing pains

BY KATE MORRISON

Jam Tomorrow by Sir Basil Bartlett, Bl. Elek, £4.95, 124 pages

Five to Seven by Diana Noel, Collins, £4.95, 141 pages

In his childhood recollections Sir Basil, who has made a distinguished career in the theatre, has discovered among that unusual breed, the Bartletts, only one white sheep, the rest are unashamedly "black" in their peculiar ways. Whether or not it is true that only those who are in fairly fortunate circumstances can indulge in eccentric behaviour, we should at least be grateful to the author who has the perfect excuse for providing us with some — bizarre — biographical detail.

The story begins at Waterloo Station — it was while his father's father was reconstructing it and his mother's father was putting in electric light that his parents met — and it develops in flashes of reminiscence to which time adds a hazy charm. The author becomes again the detached, and curious, small boy at the beginning of the 20th century. He is at the heart of a large family which is his world until he goes to school.

Things and people especially are taken for granted: their irrational behaviour is observed but not judged and the straightforward style of narrative lends itself well to all their complexities and strangenesses. Glimmering from this portrait gallery, for example, is his father's father, the terror of the family who always insisted upon eating alone and who made those around him acutely uncomfort-

able, yet had an "attractive habit" of producing gold sovereigns from his waistcoat pocket for his grandson.

Uncle Vincent perhaps had the most undesirable characteristics, regularly horsewhipping the vicar.

Beneath his lighthearted approach we catch glimpses of the author's character and see to what extent his environment and those around him have played a part in his development. His extrovert father, it seems, was a great influence, and it is on his tragic disappearance at the end of that "awful first term" at Repton that the book ends. However, the despair does not last and we are left with the conviction that there will still be "jam tomorrow."

Five To Seven, on the other hand, were it not for its period setting in miniature, would have little to recommend it. Although it has entertaining touches in its descriptions of a large London household, authenticity is somehow lacking. The centrepiece is the sickly Diana who sheds many tears into unending nursery meals of steamed white fish and milky rice pudding. Her allies are Grannie, and Nan who soothe her from the caustic tongues and critical remarks of an aunt and a coven of formidable great aunts.

Her parents meanwhile kept to glamorous '20s background which could have been amusing but for the self-conscious pleas to the reader; for example "Mother was an empty threat." On the whole this view of child's world — unlike Sir Basil Bartlett's, has been seen too much through the eyes of an adult.

Bloomsbury man as a political animal

BY ALAN HODGE

Leonard Woolf: A Political Biography. By Duncan Wilson, Corgi, Hogarth Press, £9.95, 222 pages

Leonard Woolf entered Trinity College, Cambridge, from St. Leonard's in 1909 at the age of 19 and lived for another 70 years. His father was a successful barrister who died when Woolf was aged 11, leaving the family comparatively poor. But this did not deter him.

His biographer remarks of Leonard Woolf that he received the "mandarin education" of the time in Greek and Latin, but went on at Cambridge to join the circle of the "Apostles" and to benefit from the ethical philosophy of G. E. Moore which seemed to him to reveal the nature of "truth and reality" and of the human beings "imme-

diately duties." Perhaps there was something mandarin about Moore, though his *Principia Ethica* still had their attractions for later students in the 1920s and '30s.

Woolf detached himself from the original Jewish faith of his family and, in religious matters became a commonsense sceptic on what he considered to be the religious principles. This divergence did not affect his political thought, with which Sir Duncan Wilson is mainly concerned in this volume. Woolf became an adept of co-partnership self-determination, international co-operation, disarmament, and radical but gradual world advance.

This was after he had spent seven years as an industrial administrator in Ceylon where he became highly conscious of the defects of imperialism. He returned to England in 1911;

resigned from the Colonial Service, and married Virginia Stephen, whose family he had already written two novels, but gave up fiction after his wife devoted herself to it.

Virginia Woolf figures very seldom in the pages of Sir Duncan Wilson's book, nor does the history of the Hogarth Press, founded by both the Woolfs; he has devoted himself to Woolf's writings on international politics. As a journalist on the *New Statesman* and, later an editor of *The Political Quarterly*, Woolf attracted the attention of Sidney and Beatrice Webb. He himself had Fabian sympathies, but was never a fanatical devotee, though in 1915 that the Webbs "had their claws fixed into his anatomy." Actually, he never succumbed as the Webbs did to a worship of Bolshevism, though

he approved what seemed its virtues. Likewise, he had been attracted by Woodrow Wilson's idealism, but was sceptical of its results as seen in the Treaty of Versailles.

Because of his laudable desire to devise some system of international relations that would prevent another outbreak of war, he became an adherent of the League of Nations and the League of Nations Union, though he never went to Geneva. Because of his first-hand experience in Ceylon, he became convinced that the end of empire, as they then existed, was a supreme cause for men of goodwill.

During the years between the two World Wars, and afterwards, he wrote much about the need to liberate Africa from the European rulers. The portrait

of him on the cover of this volume by T. Ritchie shows a man of increasing anxiety. Apart from his personal troubles, perhaps he was aware that the effects of colonial liberation, even when he died nine years ago, have not always been so enlightening as he had hoped.

Before he became Master of Corpus Christi, Cambridge, Sir Duncan Wilson served in the Diplomatic Service in Berlin, Beijing, Peking and Moscow. Naturally his book is concerned with the importance of meetings, discussions, official papers and the phrasing of agreements and divergences in international affairs. Certainly this was a principal concern of Woolf himself during much of his life. But the five rather warring volumes of his autobiography suggest a more congenial man than the moralising theorist who emerges from these pages.

ARTS/COLLECTING

Trouble with Harry

Deprived of your Radio Times you might have guessed Mme Voltaire by Peter Tegel (Radio 3, January 13) was something to do with last year's bi-centennial...

that we were listening to the fortunes of phantoms rather than real people. This admirably acted work had considerable power.

RADIO

ANTHONY CURTIS

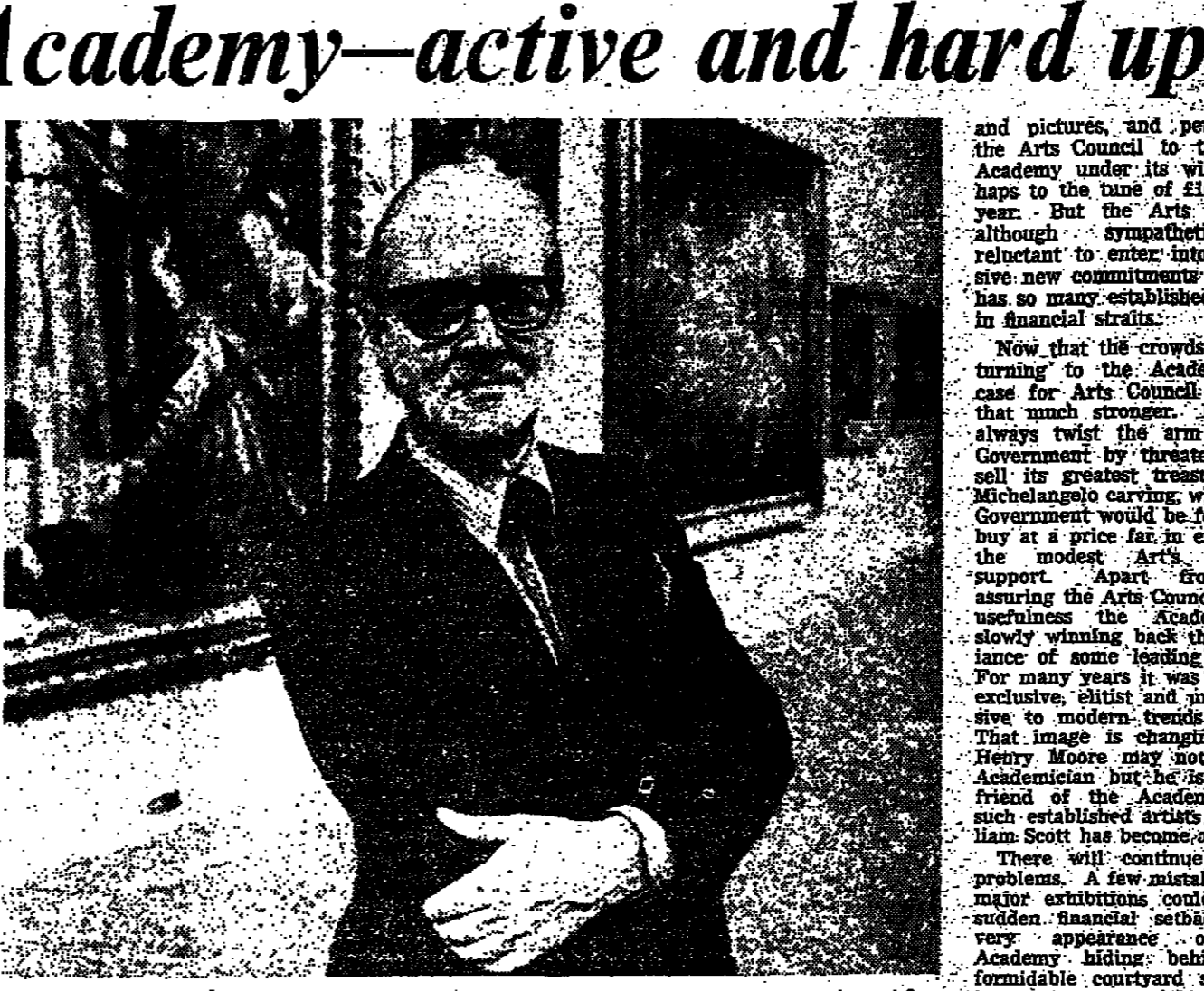
hit her sexuality. Like many would-be rationalists she ends up in a mental hospital. And it is there that the two men in her life, Harry (Hugh Dickson) and Mark (David Brierley), visit her...

the Royal Academy is enjoying a new lease of life. Its forefront is noisy with school children visiting the Gold of El Dorado exhibition; its Fine Rooms are graced from today with Painting in Florence 1590-1700...

EXHIBITIONS

ANTHONY THORNCROFT

president in 1975, the new ideas and the new directions have roared out and the Academy's deficit has risen steadily to top the £600,000 mark. It says much for Sir Hugh's energy and charm that he aims to surmount the financial problems without stinging on the greater artistic activities.



Sir Hugh Casson backed by the current Florentine paintings exhibition Leonard Burr

launch of Business Art Galleries a year ago whereby the Royal Academy and its artists co-operated with the Curwen Gallery in producing limited editions of 30 commissioned prints for sale to office and home.

operating with Coult, Moët and Chandon and Sotheby's in a comprehensive review of 200 years of the Derby, built around Frith's famous Derby Day picture, and opening on April 5.

some earlier, heavily advertised occasions—and by themselves they are unlikely to solve the Academy's financial difficulties which have been caused by living off past assets in a time of rapid inflation.

Colin Davis

When a audience, especially if it be a January Festival Hall audience, ridden with booziness, is charmed into silence for the final pages of Mahler's Fourth Symphony, and remains for a few seconds after the close...

MUSIC

MAX LOPPERT

tra and the clear, unaffected soprano of Ursula Kossatz for the final movement, boasted dramatic liveliness, a vigorous sense of symphonic movement, and above those virtues, an unflinching, almost austere, clarity of the work's studied simplicity.

New cast for 'Bedroom Farce'

Except for Michael Airdridge, the cast of Alan Ayckbourn's Bedroom Farce at the Prince of Wales Theatre in the West End, have left London to take the play to Toronto, Washington and New York.

WEEKEND CHOICE

gave great pleasure at TV festivals in 1978. SUNDAY: BBC starts a new series called 'The Parliamentarians' with Robin Day interviewing J.G. Grimond, and later...

TV RATINGS

- U.S. TOP TEN (Nielsen ratings) Week ending Jan. 14. 1 Mark and Mandy (ABC) (comedy) 33.8

Radio 4 schedule: 6.25 am Shipping forecast, 6.50 News, 6.52 Farming Today, 6.55 Yours Faithfully, 6.58 Weather...

BBC 1 schedule: 9.20 am Feeling Great!, 9.30 Multi-coloured Swap Shop, 12.13 pm Weather, 12.15 Grandstand: Football Focus...

GRANADA schedule: 9.40 am Males, 10.00 The Pinkstones, 10.30 Ties, 5.30 pm Mork and Mandy, 6.00 The Incredible Hulk...

ITV schedule: 9.00 am A Child Wants a Home, 9.30 Batman, 10.00 Lassie, 10.30 Ties, 6.00 pm The Incredible Hulk, 8.00 Best Sellers...

SCOTTISH schedule: 9.30 am Adventures in Rainbow Country, 11.30 Chopper Squad, 5.30 pm Mork and Mandy, 6.00 The Incredible Hulk...

SOUTHERN schedule: 9.00 am Sesame Street, 11.30 Six Million Dollar Man, 12.27 pm Regional Weather Forecast, 6.30 Mork and Mandy...

TYNE TEES schedule: 9.00 am Sesame Street, 9.05 Saturday Morning Picture Show, 10.30 Saturday Mornings, 11.30 The Spits With My Friends...

ULSTER schedule: 10.10 am The Bubbings, 10.15 Spider-Man, 11.30 Sesame Street, 6.00 The Incredible Hulk, 11.10 Build Your Own Boat...

ENTERTAINMENT GUIDE: OPERA & BALLET: COLEMAN. Credit card, 01-240 5258. ENGLISH NATIONAL OPERA. Winners 1978 Sibelius Award...

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CINEMAS: CLASSIC 1. 2. S. Harnack. (Playhouse) Class. 11. S. Harnack. (Playhouse) Class. 11. S. Harnack. (Playhouse) Class. 11...

COLLECTING

Power to the presses

BY JUNE FIELD

I READ with considerable pleasure this week the first catalogue produced by the Basillisk Press and Bookshop...

If a job's worth doing it's worth delegating.

Also just out is Bertram Rota's small catalogue of distinguished private press books...

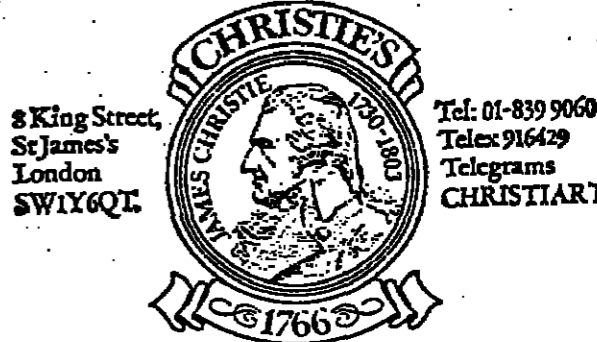
The National Book League is having a turn-out of some of their old stock holding a Book Collector's Bazaar next Monday...

Those inspired enough to want to try book production for themselves in however limited a fashion, should get John Ryder's excellent book Printing for Pleasure...

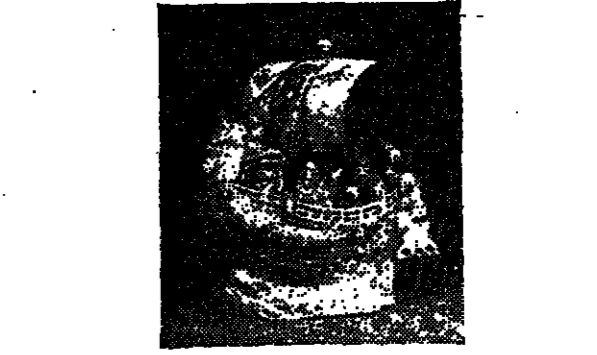


Artist/printmaker Ann Brunskill at her World's End Press, Oliver's Wharf, Wapping. Her production of Aesop's Four Fables is featured in...

Basillisk Press and Bookshop's first catalogue of the work of private presses and specialist publishers.



EXPERIENCE AND EXPERTISE . . . 363



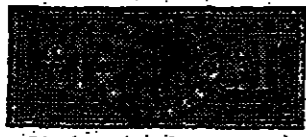
The Gods come sailing in One day our ship will come in—so we hope and so they do in Japan. One of the most popular subjects found in Japanese ivory carving is the mythical Treasure Ship, the Takarabune...

Christie's sale of Ivory Carvings on Tuesday, 6th February, includes a fine example of this auspicious vessel, ever voyaging but never quite arriving, her single sail bearing the Chinese character for treasure, wealth or prosperity...

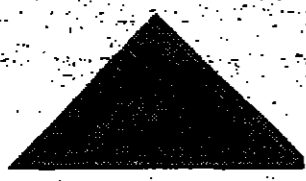
For further information on this sale and other sales of this kind, please contact William Tilley at the address above.

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Advertisement for Phillips principal saleroom at 7 Blenheim St., New Bond St., London W1Y 0AS. Tel: 629 6602. Lists various auction dates and categories like Antique Decorative Furniture, Postage Stamps, Oil Paintings, etc.

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Advertisement for Phillips 'The Auction Year' book. Describes it as a valuable price guide and includes details on how to obtain a copy, such as sending a coupon to Phillips Auctioneers.

Advertisement for Islamic Sales at Phillips. Features a circular image of an Islamic artwork and text stating that items are now being accepted for inclusion in sales of Islamic works of art on Wednesday 25th April and Thursday 26th April.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

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Saturday January 20 1979

The fruits of crisis

AT THE END of a nerve-racking and ill-tempered week, it began to be clear that things are not yet, at any rate, as chaotic as had been feared. The productive economy has been doing a great deal better than expected; it is clear that in the long run, industry must be severely disrupted when it loses an important proportion of its road transport; but the talent for improvisation which has helped this country so often to overcome self-inflicted problems still seems to be there. And there is now a tentative figure for public sector cost push. The water workers, the potential shock troops of the local government services have now apparently set a new norm for the public services. They are being recommended to accept an offer of 14 per cent—which is said to be within the five per cent limit.

Picket code

It is too early yet to assess the efforts of the TGWU to assert some control, at length, of its own official pickets, though in one or two places they responded quite promptly to the new code. There is of course a long programme of threats of disruption still to come, from low-paid ambulance men to highly paid coal miners. However, the more solid sentiments which were quite evident yesterday in the country and in the markets were only indirectly concerned with the troubles of the moment. There is also a long-term hope which is beginning to grow, to balance the short-term fears of cost push and disruption: the hope that now, as in the very different circumstances of 1976, a crisis will lead to a real change of direction.

The change is not likely to be imposed by the present government, but it is necessary to bring among the ruins of all its hopes with no detectable will to act. However, Mr. Callaghan continues to talk; and he has begun to talk of the possible need to legislate about some trade union matters. He talks of it with distaste, but his despairing resignation is still significant. His sense of public opinion has not altogether deserted him.

The second sea-change was suggested, between its bland lines, by the White Paper on public spending. This showed that the numerically quite modest planned growth of public spending would involve a continued borrowing requirement as high in real terms as it is this year for some years

to come. This is now out of date in two respects. First, general cost pressures and reduced competitiveness will certainly slow the growth of the productive economy, reducing the buoyancy of the revenue.

Normal pattern

Second, it now seems clear, from what the water workers have achieved and what others are demanding, that this is going to be one of the years in which public sector wages rise faster than those in the private sector. This is in fact a perfectly normal pattern for a year following the collapse of an incomes policy.

This has two consequences. First, whatever government is running this country in the summer will have to be reviewing spending plans to allow for their higher cost. Cutting spending when growth is slowing is not Keynesian logic, but it will be a financial necessity; and since the level of public spending is in any case more than our economy can carry without strain—the real message of the White Paper—the necessity is welcome. A cut in spending, partly unplanned, in the two financial years before the current one, does much to explain the quite good performance last year in the private sector. It could happen again.

Equally, the crisis has forced everyone to think again about the half-truths contained in the argument between supporters of incomes policy and supporters of free collective bargaining. Free collective chaos requires a new approach, and it is emerging.

Comparability

Broadly, it is becoming clear that while monetary control and its consequences, a stable exchange rate (strikingly demonstrated in the last few days) does help to impose a sense of reality in the productive sector of the economy, open to foreign competition, it has much less effect in public or indeed private services. Here comparability is the watchword; and one of the most interesting of the proposals which Mrs. Thatcher has made in a week which has seen her emerge convincingly as a potential leader is that reform of labour relations must go with reform of public sector pay determination. A prospect of pressure on public spending and sensible, detailed reforms to restore some order to the labour market would indeed be encouraging. It is only a pity that as a nation we seem to need crises to make common-sense acceptable.

Mrs. Thatcher makes her mark

By MALCOLM RUTHERFORD, Political Editor

TWO PROCESSES have been at work in British politics during this miserable week. The first has been a deepening of the disillusion and sense of pessimism that have become almost part of the British way of life. The second has been a re-examination of Mrs. Margaret Thatcher, the leader of the Opposition.

Among all the comments that one has heard both inside and outside politics there has been one common denominator: the absence of leadership and the absence of authority. That should not be equated necessarily with a demand for strong government, though there is undoubtedly a demand for government of some kind and a feeling that none exists at present. As often as not, the comment is made more in sorrow than in anger and by people who seem surprised that they should be saying any such thing. It is a statement of fact rather than a call for change.

There is something else. The apparent collapse of Mr. Callaghan's Government marks the end of one more attempt to cope with Britain's economic and social problems. The Labour Government came in in 1974 to do a deal with the trades unions. It has done several deals in which the unions were given certain advantages in return for certain co-operation, though as Mrs. Thatcher remarked in her speech on Tuesday the trouble is that "the advantages have tended to become permanent and entrenched in legislation, and co-operation only temporary."

What matters most, however, is that at the moment of truth the unions have failed to deliver, yet Mr. Callaghan is left with no alternative but to go on trying. His background and experience combine to convince him that a Labour politician cannot and should not go against the Labour movement. But he also knows—and indeed has told the Labour Party several times this week—that the mood of the country is now against the unions. That is his weakness. Mr. Callaghan is locked in by his own people.

Yet until a few days ago the Prime Minister also had a certain relative strength. It was not just the feeling that if anybody could deal with the unions, it was probably the Labour Party under his leadership. There was, too, the fairly widespread belief that the return of the Tories under Mrs. Thatcher would only lead to more confrontation. In any case, the Tories had not put forward clear or consistent alternatives and Mr. Callaghan's own experiment in social contracts was not yet finished. The events of the past few days have compelled all these propositions to be re-examined. It is now more than a week since the Prime Minister returned from the Caribbean. In that period the decline of the Government's authority can be charted on an almost daily basis. It began with Mr. Cal-

laghan's own question at London Airport about "What chaos?" It continued with the statement by Mr. Merlyn Rees, the Home Secretary, in the House of Commons on Monday that things were not out of control and that there was no crisis.

By Tuesday the Prime Minister himself was admitting in the House that "the situation for trade, industry and employment in this country is serious."

By Wednesday it was being given out that the Cabinet would meet the next day in order to decide on a state of emergency, though this was subsequently changed to giving the Transport and General Workers' Union one more chance to restore order of its own accord.

On Thursday Mr. Callaghan spoke to the House of Commons "hardship and considerable dislocation" being caused to "the general public and to trade and industry. There had, he said, been 'little amelioration' since Mr. Moss Evans, the General Secretary of the Transport and General Workers' Union, had promised to try to control the picketing a few days before. It was left to Mr. Rees, speaking less than one hour later, to admit that the situation in fact had become considerably worse.

She was even better when it came to interventions from the Government side, as perhaps the following exchange will illustrate.

Mr. Thomas Swain (Derbyshire, North-East): Will the Rt. Hon. Lady give way?

Mrs. Thatcher: Of course I shall. I am only too delighted to do so. Her Members are being most helpful. It was not only the Swains, the Heffers and the Bidwells who were demolished. It was also Mrs. Shirley Williams for her role at Grunwick. At the end of the speech the Conservative Parliamentary Party had never been so united under Mrs. Thatcher's leadership.

As Mr. Callaghan was the first to point out with a slight sting in the tail, it was a most effective Parliamentary performance. Yet by itself that would not have been enough to compel re-examination of Mrs. Thatcher's qualities, except as a speaker in the House. What is much more striking is that she has kept it up—on television in her party political broadcast on Wednesday, and again in her brief response to the Prime Minister's statement in the House on Thursday.

Of course, it is true that the Conservatives have still not provided the answers and—except in the broadest possible terms of seeking to redress the balance of power between unions and employers—Mrs. Thatcher has not really attempted to do so. But the difference between Mrs. Thatcher at the end of last week and at the end of this is that last week there was a general feeling that the Government was breaking down and a belief that the election was being handed to the Tories on a plate. But beyond the already converted there was no great



Margaret Thatcher rides high on a Navy jockey at the London Boat Show this month.

enthusiasm. Mrs. Thatcher seemed to be winning by default.

This week the enthusiasm may still be missing, but there is a new readiness to look at the Leader of the Opposition objectively and to listen to what she says. There is, after all, nothing especially wild in calling, as she did on Thursday, on the Prime Minister simply "to re-establish the authority of government under the law."

None of that should be taken to mean that a general election has become imminent. Mr. Callaghan is fond of quoting Adam Smith to the effect that there is a lot of ruin in a nation, and no doubt the same is true of Mr. Callaghan's Government.

There may even be some capacity for recovery, and certainly that is what the Prime Minister must hope. Yet the chances are remote of the Government being strong enough to risk going to the country before it is obliged to. That could still mean hanging on till October.

officials to believe that the Government's targets for inflation and earnings would be more or less met. Last autumn Mr. Callaghan and Mr. Denis Healey, the Chancellor of the Exchequer, were talking of fierce monetary and fiscal measures if wage settlements should get out of hand. In the summer there was still talk of the "Challenge of North Sea Oil." The relevant White Paper concluded: "As a people, we have been given the chance to harness our talents and energies to a programme of National Recovery, that will rebuild Britain's prosperity and greatness. It is in that spirit that the Government invites the nation to use the decade of opportunity presented by North Sea oil."

Theoretically, the options are still there, given for this Government. There could still be an increase of indirect taxation. There could be cuts of public expenditure, or both. The Government could steal the Tories' clothes, and set about reforming the unions on its own. Yet it is difficult to imagine that a Cabinet which cannot even agree on the introduction of a state of emergency could unite on any of those policies, at least in sufficient degree. The Government indeed has come close at the point where it cannot even take measures that would be popular, or at least acceptable, in the country because of its own internal opposition.

The immediate prospect, therefore, after the strikes are over, is of rather more inflation, though perhaps with a time lag, and of the end of the 5 per cent rule, though with the promise that it is being maintained. In other words, it will be much as before. That is hardly an inviting platform on which to fight an election. Mrs. Thatcher meanwhile has the chance to consolidate the ground she has made this week.

Threats and promises

It is striking that the threats have disappeared along with the promises. There has been no move to increase taxation despite what is happening—or in the public sector likely to happen—to pay settlements. At the same time, Mr. Joel Barnett, the Chief Secretary to the Treasury, admitted this week that the peak period of North

Sea output could coincide with "less growth, less public expenditure and more unemployment."

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Letters to the Editor

Fraud

From Mr. J. Devis

Sir—Many suggestions are put forward for dealing with strikes, but all so called "cures" have an element of risk or danger, otherwise they would long since have been adopted. Is this not a case of treating symptoms and being afraid of the side effects? Would it not be better to take away the cause of the strikes?

I firmly believe that striking, violence and almost every facet of sickness in society can be traced, directly or indirectly, to affluence. Affluence is of two kinds—real and imaginary. Real affluence is present when material standards are raised by increased productivity or by the acquisition of assets. Our acquired assets are North Sea Oil and gas and this is our blessing, or blight—depending on the point of view.

Imaginary affluence is inflation i.e. the printing of more money than is necessary either to replace increased assets or to replace worn out currency. If company law were applied to Governments, inflation would be deemed a fraud on the minority—a criminal offence. It is akin to embezzlement of private capital and 5 per cent per annum is supposed to be respectable.

There is so much money sloshing around the economy that it is hardly fair to blame trade union leaders when they strike a claim. They are doing the work which they are paid to do i.e. to get the best bargain they can for their members.

Management

From Mr. B. Ridout

Sir—In your Management Page of January 16 you refer to a Market and Opinion Research International survey

which shows that 21 per cent of Labour MPs and 6 per cent of the Opposition included lack of suitable management quality among the most important problems facing industry. On the same day it was reported in another newspaper that each meal served in the MPs dining room loses £4.22.

B. J. L. Rodout

1, Lindsay House, 46, Ilex Way, Goring-by-Sea, Worthing, Sussex.

Unions

From the National Officer of the Association of Scientific, Technical and Managerial Staffs

Sir—Correspondence following the recommendation of the Institution of Chemical Engineers for members to join the appropriate trade union requires a response. Dr. Gillibrand (December 30) asked what agreements already exist for "professional staff in the private sector of industry." I am surprised he is unaware of the very many agreements that professional staff have secured through the Association of Scientific, Technical and Managerial Staffs. These cover various industries, including engineering, air transport, banking, insurance, food, pharmacy, rubber, and research associations. It is all the more surprising therefore that ICE, in making its recommendations, had not met with this Association, which has far more agreements covering ICE members than any other body. I am pleased to be able to advise that on January 9 ICE confirmed its willingness to hold a joint meeting with ASTMS.

My namesake Mr. J. Lyons continued (January 9) his practice of creating confusion over professional staff organisation and recognition. In ASTMS there is full autonomy for managerial and professional grades in each company and workplace, while at the same time the employer avoids the problems of further multiplicity of unions. Professional assessments of British industrial relations refute the need for

further sectarianism. In passing, I find Mr. Lyons painfully inconsistent. While purporting to only care for professional staff, he claims to represent junior technical staff in electricity supply and elsewhere.

Pensions

From the Pensions Manager Pfizer

Sir—Correspondence about pension transfers, value for money, and the problems of maintaining the level of deferred pensions, illustrates the concern over these issues felt both by the pensions industry and by individuals. My company, along with many others, participates in an arrangement whereby a proportion of the capital value of our employees' pensions is paid into a central pool, in the form of an insurance premium.

Design

From Mr. P. Kent

Sir—Mrs. Woolard (January 17) in advocating greater representation for the engineer at board room level might like to take into account a remark made by the late Professor Sir Misha Black when he was Emeritus Professor of Industrial Design at the Royal College of Art. "The fallacy of the 'right'—looks right' formula is the assumption that technical efficiency alone will suffice and all else are superficial frills which can be discarded with impunity. The decline of Britain's share of the world market in machine tools and the growth of their import into this country indicates that the attitudes which served us well enough in the first half of this century are no longer valid."

He went on to suggest that "design development should grow from the co-operative exchange of views between engineering and marketing," and "I would willingly accept that we are world leaders in technical excellence, but if this is so, then it must be in our marketing methods and the total impact of our products that the faults reside."

relevance. There are many industrial designers who would like to get into the game, let alone the board room.

Peter Kenyon

24, Dry Hill Park Road, Tonbridge, Kent.

Flattery

From Mr. D. Jeremy

Sir—Your article (Jan. 15), on the reference to the European Court by the House of Lords in the case of R. U. Henn and Darby 1978, cited their Lordships' action as evidencing a greater European awareness in comparison with that of the Court of Appeal.

Services

From the Group Pensions Manager

Sir—J. V. Wilson, managing director, Tolley Publishing Com-

pany (January 13) says: "The administrative work in running a self-administered pension fund is actually far less than with an insured scheme. Insurance brokers will try to persuade companies that the reverse is true."

I agree with Mr. Wilson regarding the work involved in these schemes but take exception to his comments regarding insurance brokers. Many insurance broking companies have done much to encourage this type of arrangement by printing explanatory booklets, preparing approved documentation which reduces the cost of installation, and acting as pensioner trustees where necessary, thus bringing self-administration within reach and pocket of many limited companies.

Mr. Wilson's comment seems to indicate that he is out of touch with the various methods of installing self-administered pension schemes and of the service provided by insurance brokers who can advise the company which one may prove best for their needs.

Languages

From Judy Loire

Sir—Michael Dixon's article on language courses, "Moves to encourage interest in new skills" (January 13) rightly highlights British managers' linguistic inadequacy when compared with their foreign counterparts. In one respect however, the article could be

misleading when it cites the decline in applications for full-time language degrees as an indicator of disinterest.

This should not be confused with a lack of interest in foreign languages, and my instead be primarily a reflection on how languages are taught in many UK universities. In the survey completed here recently to which Mr. Dixon refers even directors of translation agencies said in interviews that languages by themselves were of no use to them when recruiting agency staff. "What is required is the knowledge of languages plus a specialism, which most foreign managers would automatically offer."

There is no evidence that when language degrees operate on a combined basis with subjects such as business studies, law or engineering students do not respond highly favourably. Excellent examples of this are Middlesex Polytechnic's BA in European business administration which involves two years' iwork and study abroad, or Cardiff University's proposed BA in European community studies. One such course receives 20 applications for each place available, another Polytechnic finds that students accept places on their combined course in preference to Oxbridge degree places.

Flattery

From Mr. D. Jeremy

Sir—Your article (Jan. 15), on the reference to the European Court by the House of Lords in the case of R. U. Henn and Darby 1978, cited their Lordships' action as evidencing a greater European awareness in comparison with that of the Court of Appeal.

The agony of Africa cries out for you to help

And the word agony is an understatement. In Africa today there are 3 war zones. Together they add up to the greatest human tragedy since World War II. Thousands of people are homeless, sick, injured, starving. Unable to comprehend the violence which has destroyed their way of life—sometimes unwilling combatants themselves.

In many areas hospitals have been destroyed, missionaries driven away. Often only one hope of relief remains: The Red Cross. With its unique international status The Red Cross is able to go into the battle zones. To work with the complete impartiality which is respected throughout the world.

This desperately needed work is stretching the resources of The Red Cross to the limit. It has launched a world-wide campaign for funds to save Africa from bleeding to death.

Please support the Red Cross workers in Africa by sending a donation, however small—but as much as you can.

The Red Cross

British Red Cross Africa Conflict Appeal
Dept. FT. 9 Grosvenor Crescent, London SW1X 7EL

If you require a receipt, please enclose one.

I enclose £..... as my contribution to the Africa Conflict Appeal.

Name _____

Address _____

The pickets and their union: By Rhys David and Alan Pike

The anatomy of militancy

OUTSIDE the factory gates of the North Wear the Transport and General Workers Union's latest directive against secondary picketing is seen by lorry drivers as an attempt to persuade them to drop their most effective weapon.

"We will be here until next year if we ease off now," said one picket expressing what appeared to be a fairly general reaction. Transport House and Whitehall are a long way, physically and emotionally, from the industrial sites where the strike is being fought and national union leaders face a testing time in the struggle to run the dispute their way.

Secondary picketing has been responsible for most of the 30,000 lay-offs which have taken place in the North West so far. At industrial estates, throughout the region strikers are now well dug in, with small huts constructed of polythene sheeting and timber sprouting in some places, while in others a car serves as the only shelter against the winter weather during the wait for trucks.

Not easy

The evidence from the North West suggests that it is not so going to be easy for the Transport and General Workers' Union to tame some of this picketing and bring it into line with a national code. Despite the hardship which the strikers know they are inflicting on the public and the contumacy that is being heaped upon them.

The men's determination and the apparent solidarity of the strike may owe something to intimidation and "orchestration" and there are indeed on

the picket lines many who admit they would have been happy to settle at the outset for the employers' offer of 15 per cent. It is almost certainly true, however, that the cohesion of the strike also owes a lot to the largely unrecorded feelings of grievance which the men have, and not just against the employers. These are feelings which the two main unions—the TGWU and the Manchester-based United Road Transport Union—appear not to have completely recognised.

The main grievance is obviously pay. As drivers we have taken home pay for 15-20 hours a week with that of other workers on the shop-floor and very often they note that unskilled men can earn as much in 40 hours.

There also remains firmly embedded in most drivers' minds the certainty that EEC cuts in permissible hours will reduce their capacity for earning overtime, eating up the whole of the 15 per cent they are now being offered. Whether or not this is the case, it is clearly a major factor in the men's outright rejection of the offer. There are other complaints raised over the inadequacy of overnight allowances which, at around 27 pence, stretch only to the poorest accommodation, if anything at all is to be left for a meal. By contrast, the men point out, industrial workers get a range of fringe benefits, such as subsidised canteen meals.

The men's other grievances relate to the way in which society regards them. If they are less than heartbroken at the

sufferings now inflicted on the public, this feeling stems in part from the abuse they feel they have to take from the public most of the time. "We are regarded by motorists generally as cowboys and they want us off the road. Now they are finding out how important we are." One driver in Cheshire stated.

The public's attitude is shared all too often by companies to which they deliver. Most drivers have stories of driving 200 miles or more to deliver a load only to be told to come back the next day. "It is not much fun finding somewhere to stay in Staffordshire and kicking your heels until next day."

The men's other grievance mentioned at picket sites everywhere was about what they see as police and Department of Environment harassment. There are now many regulations covering weights, emissions, drivers' hours and speeds, and many drivers claim they are pulled off the road at least once a week for spot checks. Drinking and driving while off duty in a private car, as well as less serious offences, can lead to loss of the heavy goods vehicle licence on which the men depend for their livelihood.

Lengthen

Against this background it is clearly going to be far from easy for the TGWU to persuade the men to limit their actions, especially as such a move is likely to lengthen rather than shorten their strike.

The signs are, therefore, that many men will want to stick it out. At an estate in Winsford in Cheshire with two easily controlled main entry points, pickets were still taking a very tough line on access to industrial premises, although some easing of the blockade on food companies had taken place.

Two big supermarket groups on the estate were reported by the pickets to have agreed not to accept loads on hire and reward vehicles. Consequently deliveries by owner-lorries and by the two companies' own fleets were allowed. An animal feedstuffs company on the estate supplies were also being allowed to move freely, but appeals from industrial companies for dispensations were being turned down by union officials who visited them.

The driver of a Metal Box lorry who had arrived with a load from Leicester for the group's Winsford Factory decided not to cross the picket line after he had been told he needed local dispensation as well as the note he was carrying from the Midlands. He turned his vehicle around to head off to Northwich, the location of the nearest TGWU district office.

Similarly at Manchester Docks there was no evidence yesterday of any relaxation of the tight rules drawn up by local strike committees. Feedstuffs, perishable foods, and medical supplies were being let through by the strike committee but very little else. Companies throughout the massive Trafford Park estate were picketed.

At Warrington the militant local strike committee has effectively stopped all movements in and out of the town by hire and reward vehicles and local companies are effectively in the union's hands over the movement of all goods.

Yet although attitudes remain hard, there is some evidence that since the start of the week, when the strike was made official, the combination of public concern and TGWU directives has produced some relaxation in restrictions, particularly on the movement of food and feed-

stuffs. In some areas strikers are taking instructions from district officials who are themselves receiving their directives from London.

In others, however, it has to be admitted that the strike committee remains firmly in control, and the authority of head office which was slow to see the strike coming has not been re-established. Indeed many strikers openly reject their national leaders, claiming that Mr. Moss Evans and Mr. Alex Kitson, respectively general secretary and national officer of the TGWU, are intent only on doing a deal with the Government.

Grim smiles

It is odd that the TGWU strikers should hold this view of their national officials because it is Mr. Evans, more than all other top TUC leaders, who has been vocal and enthusiastic in his support of free collective bargaining. Suggestions that he is intent only on doing a deal with the Government will bring grim smiles from some Ministers. But the fact that the strikers can hold such views—and the difficulties which Mr. Evans and Mr. Kitson have faced in getting control of the strike—pose important questions about the structure of Britain's largest union.

The TGWU, with more than 2m of the TUC's 11.8m affiliated members in its ranks, is mammoth but in some ways it is not monolithic. It represents workers in an astonishing range of both manual and white-collar occupations and has grown by both recruitment and amalgamation. Dozens of smaller unions have become part of the TGWU since it was established by an initial amalgamation of 14 organisations in 1922. Its structure, based upon regional organisation and trade groups, is still basically the one developed by the TGWU's founder, Ernest Bevin, and it has proved flexible enough to accommodate new unions without the



Pickets outside a lorry depot in the heart of London's Dockland brave the cold weather around a burning brazier

constitutional agonies which have accompanied amalgamation attempts elsewhere in the trade union movement.

With the exception of the general secretary, TGWU's full-time officials are appointed not elected. To some extent this removes them from the political fray and it has been a significant factor in the accomplishment of a very real upsurge in shop floor power within the union during recent years. Mr. Jack Jones, general secretary until last March, was a convinced advocate of the view that the democratic control of the union should be with the shop floor. He encouraged the development of the TGWU on these lines. As in other unions, more power is concentrated in the hands of shop stewards and representatives—in the TGWU's case a 39-strong lay executive—than was once the case. The current demands that the TGWU must now "control" the lorry pickets—and the difficulties which national and regional officials are facing—must be seen in the context of

this transference of power within the trade union movement. "We are the union" is a frequent comment on picket lines these days.

Nonetheless it would be naive to suggest that Mr. Evans does not have power of his own. As the only elected official he has unique standing among his colleagues and it is in many ways the power and personality of the general secretary which has made the TGWU into a strong, unitary trade union rather than a weak coalition of separate trade organisations. Mr. Evans, during the past nine months, has had to make his name as the successor to Bevin, Arthur Deakin and Frank Cousins and in the immediate shadow of Jack Jones.

Image-building

The task is no small one and some observers, who see an element of image-building in his fight against the Government's 5 per cent guidelines, fear that he may have gone too far and may have unleashed an uncon-

trollable mass of TGWU members to trample the Government's electoral prospects into the ground.

Mr. Evans puts the argument differently. He points out forcefully that TGWU policy is determined not by him but by its delegate conference—which when it last met in 1977 came out unambiguously in favour of pursuing a free collective bargaining policy—and the executive which has frequently reaffirmed that policy. History is on his side—Mr. Jones, the creator of the social contract, accepted defeat at the 1977 conference and then directed his energies to arguing the free collective bargaining case.

It is bound to be thought by some that Mr. Evans' inexperience, having been in the top job for less than a year, has been a factor in the TGWU's inability to control some of its members. But it must be remembered that even Mr. Jones, whom many people thought to be more powerful than the Prime Minister, sometimes had difficulties, as many a dockerman testifies.

Weekend Brief

They're off

If imitation is the most sincere form of flattery, Lotus chief Colin Chapman's sense of modesty has never been under such severe assault.

Chapman's Lotus 78 "ground effect" Formula One Grand Prix car swept all before them last year. Lotus' number one driver, American Mario Andretti, won the world championship with ease; his Swedish team-mate, the late Ronnie Peterson, had amassed enough points by the Italian Grand Prix last September to be runner-up, although his death from crash injuries at Italy's notorious Monza circuit eclipsed the Lotus team's elation at its success.

No-one would want to deprive either driver's achievement, but the victory was primarily one for the Chapman team's design talent. And half of the new crop of Grand Prix cars now assembled in Buenos Aires for the first round of the 1979 world championship, tomorrow are a testament to it.

Brabham, Ferrari, Wolf, Tyrrell, McLaren—in fact, all of Lotus' most serious rivals—have scrambled to place on the starting grid cars which incorporate varying degrees of "ground effect", providing the "something extra" ability which on most occasions last year allowed the Lotus to demolish all others to also-rans. It is achieved by means of "skirts" to ground-level on the car's sides, and an aerodynamically cleaned-up chassis underneath which effectively turns the car into an upside-down wing, sticking it more firmly to the track the faster it travels.

But although his rivals have been quick to emulate his—unwisely, but inevitably—battery-plus-extra-months experience with such cars must make the Norwich-based team favourites for the early GPs this season at the very least. However, Lotus already has another car up its sleeve—the 80—which may be ready for testing in South Africa next month. The ground effect was a clear quantum leap in grand prix car design, another, although unlikely, would lead to some very demoralised grand prix teams, all of whom have already produced, or are in the process of producing, new cars. Joining Andretti is Argentinian Carlos Reutemann, who secured four wins and third place in the championship for Ferrari last year. And tomorrow Reutemann is on his home circuit.

Not so fortunate is another major British team, Tyrrell, whose sponsor of many years' standing, the French State oil company, Elf, has transferred its loyalties to the accelerating grand prix efforts of state-backed company, Reagle Renault. As a result, Tyrrell's new ground-effect cars arrived in Buenos Aires in plain blue paintwork with Tyrrell yet to find commercial interests prepared to put up the necessary £50,000 or so per race.

Renault's sortie into grand prix racing, now 18 months old, became really serious, as competitors' director Gerard Larousse put it, only "at 4 pm

on June 11"—the moment that Didier Pironi drove the Renault A442 sports car past the chequered flag last year to achieve Renault's long-held ambition to win the Le Mans 24-hour race outright.

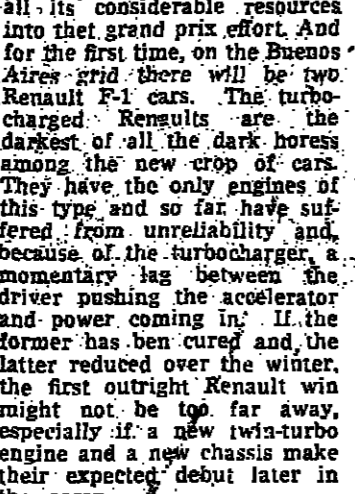
Renault has since thrown all its considerable resources into the grand prix effort. And for the first time, on the Buenos Aires grid there will be two Renault F1 cars. The turbo-charged Renaults are the dardest of all the dark horses among the new crop of cars. They have the only engines of this type and so far have suffered from unreliability and, because of the turbocharger, a momentary lag between the driver pushing the accelerator and power coming in. If the former has been cured and the latter reduced over the winter, the first outright Renault win might not be too far away, especially if a new two-turbo engine and a new chassis make their expected debut later in the season.

The Alfa-Romeo engined Brabhams have a two-car team led by two-times world champion Niki Lauda. And with their new ground effect cars Brabham, who have not won a world championship since 1969, must be counted as one of the biggest obstacles to another Lotus walkover. Of the other main "title" entrants, the Saudi Arabian Airlines-sponsored team of Frank Williams, came tantalisingly close to winning on odd occasions last year. This was despite both the team and the only car being new. This year, with two cars—Australian Alan Jones is again team leader—and Saudi financial support increased, the only way the team can go is up.

McLaren had a memorable 1978 with its No. 1 driver, James Hunt, finishing a lowly 13th in the championship table.

Hunt has thrown in his lot with the Wolf organisation, owned by Canadian oil businessman Walter Wolf, which set grand prix on its ear in 1977 when "South African" Jody Scheckter gave the all-new team second place in the world championship. Scheckter managed seventh in last year's championship and is replacing Reutemann at Ferrari.

But for both Hunt and Wolf is an important year. Wolf has declared that he will pull out of Grand Prix if the world championship isn't his by the end of 1980. Hunt has announced that he will retire at the end of this year anyway.



Colin Chapman: follow my leader.

For O.J., read J.S., PERSISTING with the motoring theme—do you feel your business needs a "pan-European testimonial spokesman"? Hertz does. The car and truck rental group, part of RCA of the U.S., has just signed three-times world motor racing champion Jackie Stewart as its advertising spokesman in Europe for 1979. All told, Hertz has pencilled in a European marketing budget this year of \$5m, \$2m for up-market advertisements in the leading print media, the rest for an avalanche of indirect mail shots and promotional literature.

World-wide, Hertz reckons itself the market leader in car and truck rental, still outstripping Avis, which is still trying harder. In Europe it is not so sure. Hertz Europe marketing director Chris Kelly says there are "no reliable European market share figures available.



Jackie Stewart: a three-time champion.

On the other hand, Hertz is known to be excelling in Britain, Italy and France, and hopes Jackie Stewart will help its expansion plans in Germany where Interent, part-owned by Volkswagen, holds sway in rentals.

There is a view in London just now that too many companies are using too many celebrities in too many ads, so why Jackie Stewart? Says Chris Kelly: "As a three-time Formula One champion, Stewart is synonymous with speed. He was also well known for his concern for safety on the track. Our business is all about speed of service, and we also take great pride in the safety of our vehicles."

"Second, Hertz is the businessman's car rental firm. Since nothing from the track, Stewart has become a highly successful businessman. He flies 80,000 miles a year. When he reaches an airport, he wants to get out fast, and he does so in a car he's hired from us. He's the perfect Hertz customer."

Ironically, the Hertz Corporation in the U.S., which for the past four years has used American football ace O. J. Simpson in testimonial ads, is at present reviewing the work of its advertising agency, Ted Bates. Hertz spends \$14m on U.S. advertising.

Everyone at Hertz seems happy with O.J.—at least until 1980. But Bates is reported to have had no luck to date in rejuvenating its work for Hertz. Six bureau rivals including Ogilvy and Mather, Gray Advertising and Young and Rubicam, are said to be standing on the sidelines, waiting for Bates to fall.

The machinations in New York may affect Hertz Europe eventually. But not straight away. "As far as we're concerned," says Kelly, "our plans for 1979 are locked away and happily in bed. We're going with Jackie Stewart."

Three-wheeler dealer

A new car manufacturer has come onto the scene in Norfolk—a county not noted for motor production until Lotus moved there.

To be accurate the vehicle is not quite a car and so far there is one example on the road, but its designer Tony Divey is confident that examples of his Triking will soon be seen in three continents.

Contributors:
John Griffiths
Michael Thompson-Noel
and Brian Ager

TODAY—Prime Minister speaks at Fulham Labour Party dinner, Westcent Hotel, SW6, 7.30 pm.
SUNDAY—National Savings monthly progress report (December).
MONDAY—President Carter presents Budget to Congress. Prime Minister at "What the Papers Say" awards for journalism luncheon, Savoy Hotel, London.
Mr. Gordon Richardson, Governor of the Bank of England, speaks in Glasgow at dinner of the Institute of Bankers in Scotland. Public service workers' one-day strike. One-day strike by Manchester

Economic Diary

busmen. Mr. Andrei Gromyko, Soviet Foreign Minister, begins five-day official visit to Italy. TUC-Labour Party liaison committee meets, London. Cyclical indicators for the UK economy (December). Industrial and commercial companies' appropriation account, net acquisition of financial assets and net borrowing requirement (third quarter).
TUESDAY—State of the Union address by President Carter. Provisional January figures for unemployment and unfilled

vacancies. Prime Minister addresses TUC industrial strategy conference on electronics, Congress House, London. One-day rail strike. Sir Henry Plumb, president of the National Farmers Union, opens NFU conference, Central Hall, Westminster. Mr. Gordon Richardson is guest speaker at NFU dinner, London Hilton. Dr. David Owen, Foreign Secretary, at International Anti-Apartheid meeting, Central Hall, Westminster. Scotch Whisky Association statement on industrial trends. New

vehicle registrations (December).
WEDNESDAY—TUC general council meets, London. Meeting of Labour Party National Executive, London.
THURSDAY—British Standards Institute statement of new standard for toys. Energy Trends. Institutional investment (third quarter). Car and commercial vehicle production (December—final).
FRIDAY—Prime Minister speaks at Labour Party rally, Borehamwood, 7.45 pm. Bricks and cement production (December). Sales and orders in the engineering industries (October).

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Your monthly income can be paid straight into your account with any bank or directly to you by cheque.

Liquidity
Because of the unusually attractive rates on the Bonds, it is impossible to offer any facility for early withdrawal. However, any Bond is repayable in full in the event of the death of the Bondholder together with accrued interest up to the date of repayment.

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At the end of five years your capital is repaid in full.

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Unlike many other forms of investment the interest on the Bond is paid to you without deduction of tax.

You will be liable to income tax on the monthly interest payments. Receipt of income in a gross form can have substantial advantages. This is particularly true for taxpayers paying less than standard rate, for example when such a person invests with a Building Society he will receive his interest with standard rate tax accounted for. But, he will be unable to reclaim any of this tax even though his liability falls below standard rate. In any event, receipt of interest gross is well recognised as maximising the investor's cash flow. Of course no tax liability arises on the return of capital at maturity.

Examples of Monthly Income

Bond £	Monthly Income £	Bond £	Monthly Income £
500	5.94	7500	89.06
1000	11.88	10000	118.75
2000	23.75	15000	178.13
3000	35.63	20000	237.50
5000	59.38	25000	296.88

How to Invest
To apply for these Bonds you should complete the application form and send it together with your cheque made payable to "C. P. Choulartons, Sons & Partners Limited" and crossed "Not Negotiable". The minimum investment is £500 and the maximum investment £25,000. There is a minimum age limit of 18 years. A certificate will be sent to the investor within 28 days of receipt of the application. This offer expires on 28th February 1979. However, Choulartons reserve the right to close the offer prior to the above date and return applications and deposits in the event of the offer being over-subscribed.

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and enclose my cheque for this sum. I am over 18 and a resident of the Scheduled Territories.

Age next birthday _____

Full name _____

Address _____

Please pay my monthly income to my account at: _____ Bank Limited _____ Branch _____ Branch Code _____ Account Code Number _____

NB. In the event of no detail being shown above, your monthly income will be remitted to you by cheque.

Signature _____ Date _____

C. P. CHOULARTON SONS & PARTNERS LTD.
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UK COMPANY NEWS

Companies and Markets

Gestetner falls to £26m: profit margins still tight

Following the downturn from £15.16m to £13.6m at mid-way, Gestetner Holdings finished the year to November 4, 1977, with pre-tax profits of £26.05m compared with £28.46m in 1976-77.

The directors point out that although the profit is £2.4m down on the previous year, £1.2m is accounted for by the translation of overseas results at rates different from those used in 1977.

Basic earnings are shown at 31.1p against 33.9p and 23.6p (25.6p) fully diluted. The final dividend is 2.25p making a total of 4.492p compared with 3.944p previously. The dividend on the ordinary and A ordinary capital shares is 0.067p (0.066p).

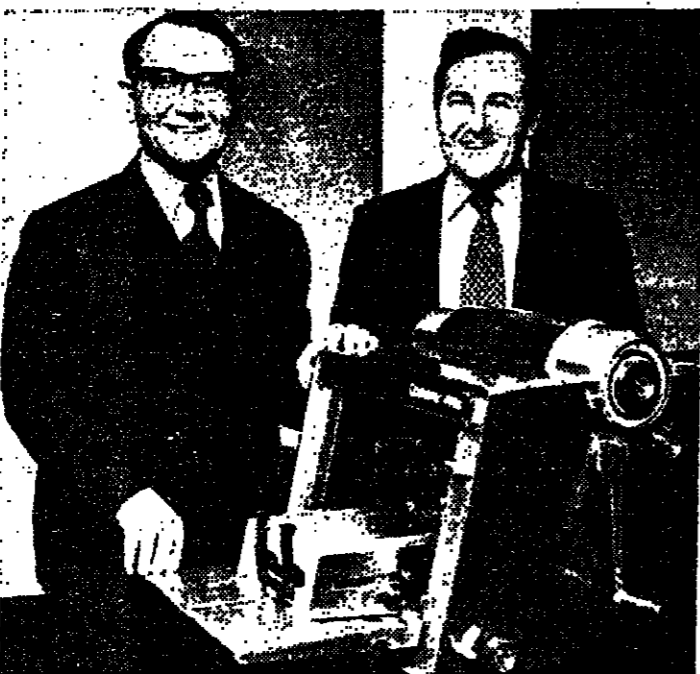
The directors say in their interim statement that results for May and June indicated that the downward trend of the first half year had continued. This was evident for a further two months, but there was an upturn towards the end of the financial year.

Since the year end, although sales have been good, profit margins indicate that this upturn has not continued. It is, however, too early to draw any conclusions but with new products, the board is confident of future success.

Deferred taxation has again been provided in full. This is not in accordance with the accounting standard, which calls for the provision of deferred tax on assets where there is a reasonable probability that a liability will arise.

This standard will be mandatory in the company's 1980 accounts but the group is accumulating information from subsidiaries which will enable adoption in 1979. It is expected that this will give rise to a substantial write-back of deferred tax amounting possibly to £20m.

As stated last year, Indian Duplicator Company ceased to be a subsidiary during the year and became an associated company in which the group holds a 40 per cent interest.



Mr. David Gestetner, left, and Mr. Jonathan Gestetner, joint chairmen of Gestetner, photographed with the two millionth machine which was produced in 1978

The consequent changes in the method of inclusion of the results of that company in the group accounts has not materially affected comparisons of profit before tax.

If the 1977 Indian turnover is eliminated from the published group turnover for that year, 1978 shows an increase in sales of 12.4 per cent.

While stencil machine sales have increased, sales of other products have progressed to such an extent that in some of the larger subsidiaries, the stencil process now represents less than 50 per cent of turnover.

Opportunity was taken during the year of the availability of funds in the Eurosterling bond market to make an issue of £10m of bonds at par and carrying a coupon of 11 per cent. The

issue was made principally to replace a loan raised in Euro-currencies when Rex-Rotary was acquired in 1974 and to provide additional finance for that company.

Since the year end the remaining loans raised to acquire Rex, totalling Dkr 20m, were repaid on their due date from domestic sterling funds.

Turnover 1977-78 263,012 226,023 1976-77 230,000 1975 200,000 Trading profit 28,416 30,199 27,235 4,023 Interest income, etc. 2,454 3,188 2,454 3,188 Operating profit 26,545 29,388 24,789 2,595 Profit before tax 26,054 28,464 24,789 2,595 Tax 1,400 1,582 1,400 1,582 Net profit 24,654 26,882 23,389 1,013 Dividend 2,250 2,250 2,250 2,250 Retained profit 22,404 24,632 21,139 888 See Lex

NEW LIFE BUSINESS

Life Assoc. of Scotland boost

A 50 per cent rise in new annual premiums and a 38 per cent jump in the premium income reported for 1978 by the Life Association of Scotland, a member of the Dutch insurance conglomerate Nationale Nederlanden Group.

New annual premiums amounted to £5.1m, compared with £3.4m in 1977, and the growth coming from company and executive pension schemes. Business in this field, split equally between company and executive schemes advanced by 83 per cent.

The rise in self-employed business was almost 13 per cent. However, self-employed pensions business played a big part in pushing single premiums to £3.6m from £2.6m in 1977.

A successful trading year in 1978 is reported by the Provident Life Association of London, with a 44 per cent increase in annual premium business. There was a 41 per cent improvement in life business, much of this growth coming from mortgage repayment contracts as a result of the buoyant house purchase market.

The company also experienced an increase in with-profits business, and a decline in non-profit, as policyholders used the lower-cost method of payment rather than the non-profit type of contracts. New annual premiums on pensions business advanced by 52 per cent, mostly executive pension arrangements.

However, single premium business last year declined from £988,000 to £610,000. The number of new policies issued jumped by 18 per cent to nearly 18,000 and the new sums assured totalled £12.1m compared with £17.7m in 1977. New annuities per annum amounted to £1.3m against £592,000.

A continued expansion of business last year reported by the City of Westminster Assurance Company, a member of the U.S. Sentry Insurance Group. New regular premiums rose by 91 per cent to 1.6m and single premiums by 34 per cent to £3.1m.

The most successful sector in annual premium growth was in the executive and self-employed pension business. Premiums on executive pension business amounted to £500,000, or £280,000 for self-employed pensions.

The company also wrote a growing amount of traditional protection contracts amounting to £800,000 and a much smaller amount of linked business. Much of the single premium upturn came from linked bond business with heavy investment in the farmland fund.

Mr. Peter Connor, the general manager, anticipated that the current year would show continued growth in premiums.

Mr. Peter Connor, the general manager, anticipated that the current year would show continued growth in premiums.

Cray shows improving trend

FROM TURNOVER of £5.19m against £4.5m, profits before tax of Cray Electronics improved from £213,000 to £255,000 in the six months ended October 31, 1978.

The directors say the results reflect the improving trends noted in the annual report, principally increased volume output arising from improved productivity and a healthy order book.

Earnings per share are shown at 1.23p against 1.03p and the interim dividend is lifted from 0.51p to 0.57p—the previous total was 1.4661p from pre-tax profits of £805,711.

Tax charge in the first half is £132,500 (£111,000) leaving net profits at £122,400 against £102,000.

£379,000 for Corn Exchange

A PRE-TAX profit increase from £335,000 to £379,000 is announced by Corn Exchange Company for the year to December 31, 1978. Tax takes £199,000, against £175,000.

The final dividend, published in yesterday's issue, was 1.13p net per 10p share, lifting the only share in the 2.33p States earnings per share are up from 5.76p to 6.46p.

Atlantic Assets expands

PRE-TAX revenue of Atlantic Assets Trust rose from £22,000 to £31,000 in the half year to December 31, 1978. The figure was struck after interest and expenses of £437,000, against £367,000.

The directors say the income reflects interest earned on liquid funds from the sales of Yukon Consolidated Gold Corporation and Woodford Investments to Teck Corporation.

Net assets per share are shown up from 126p to 143p. Last year's single dividend was a same-again 4p net.

For the half year the £118,000 (£96,000), and attributable profit comes out at £147,000 (£82,000), equal to 0.56p (0.31p) per share.

Advance for Raeburn Trust

Profits of Raeburn Investment Trust amounted to £1.25m in the year ended November 30, 1978, against £1.16m previously and is struck after all charges including tax of £773,491 compared with £514,941.

Earnings per 25p share are shown at 4.42p (4.2p) and the final dividend is 2.3p making a total of 4.05p, an increase on the previous year's 3.7p.

The preference dividend cost £76,016 (same) and ordinary dividend £1,073,715 (£975,324). The surplus revenue for the year of £97,261 (£131,735) has been transferred to reserve.

Net asset value per ordinary stock unit at November 30, 1978, after deducting the dollar premium relating to the shortfall on the foreign currency, is £1.18 (1.16) (£1.18) (£1.16).

Assuming full conversion of the convertible loan stock the value would be 166.4p (158.9p).

desolved on Wednesday and analysts are estimating it will be approximately £22m compared with last year's £43.9m. The company has been hit by the world sugar price slump, by the shipping slump and by the cost of the 25p convertible unit in the UK. The downturn has coincided with a period of high capital investment which, through accompanying the increase in borrowings, is also eating into profits.

Alexanders and the Union Discount Company of London are reporting preliminary profits on Monday and Wednesday respectively. Because of different accounting conventions, complete transfer to and from inner reserves, and houses' exception from disclosure of true profits, analysis and forecast are fraught with complications. One point, however, is not disputed. With interest rates between January to December rising from 6 per cent to 12 per cent, 1978 was a dreadful period compared with the annual mirabilis 12 months earlier. For what it's worth one broker expects a profit of £300,000 from Alexanders and £2m from Union, while the general feeling is that Union has enjoyed a softer ride.

Other results due next week will include the Smith Brothers, Smith (David S.) Holdings, INTERIM FIGURES: Birmingham Investments, Gold Fields Property, Hume Holdings, Wighams (F.) and Europe, Yorkshire Fine Wool Spinners.

BIDS AND DEALS

Stenhouse industrial arm in £6m public offer

Insurance broker Stenhouse Holdings is disposing of its industrial activities in a deal which will raise £6m for the group.

Stenhouse is floating off Caledonian Holdings (the industrial arm of the group which was known, until last November, as Stenhouse Industries) through a public offer of Caledonian's shares.

John Grossart, who is supervising the offer, was yesterday adding the final touches to the deal which is to be advertised on Monday.

On offer are 10m shares of 25p each in Caledonian Holdings at a price of 65p per share. Stenhouse shareholders are to receive preferential treatment in the application for shares in Caledonian up to a total of 1m shares.

Shareholders in the new company will be investing in a group diversified in consumer products. It has interests in home improvements, jewellery, engineering and ladies' hosiery.

In the last financial year ending September 30, 1978, Caledonian made taxable profits of £2.4m out of turnover of £41.9m.

Most of the present trading subsidiaries of Caledonian were formerly part of a listed industrial holding company, John Wallace and Sons, in which, between 1962 and 1969 Stenhouse acquired a 28.3 per cent interest.

In February, 1970, Stenhouse made a share offer and acquired 74.8 per cent of Wallace, which was then publicly owned. Wallace subsidiary of Stenhouse Holdings was renamed Stenhouse Industries.

Stenhouse said, yesterday, that it had recognised for some time that the continuing development and expansion of Caledonian could more easily be achieved if it were to become an independent listed company rather than "remain part of a

financial group." It added: "This step is regarded as being helpful to Stenhouse which can now particularly concentrate its resources on insurance broking and related activities."

On the stock exchange the group's shares were unchanged at 99p.

A pro-forma statement of the profit and loss account shows that taxable profits of Stenhouse Holdings for the last financial year ending September 30, 1978, would be reduced from £10.8m to £8.46m after the disposal of Caledonian, and earnings per share from 13.87p to 11.39p.

Fixed assets are reduced from £4.17m to £277,000. Pro-forma shareholders' funds are £28.2m compared with actual shareholders' funds of £28.2m.

Stenhouse said that it is too early in the current financial year to be able to give an indication of results for the year as a whole. Even so, the dividend front it is the group's intention "at least" to maintain the total dividend of 4.53p net of the last financial year.

Approach to Ash Spinning

Ash Spinning — Lancashire-based cotton spinner and textile manufacturer — has received an approach which may lead to an offer for the company.

A spokesman for Ash yesterday said he was not able to identify the possible bidder but a further announcement will be made as soon as possible.

Meanwhile, the share price last night finished 38p higher at 118p.

Profits slump at Ruu Estates

PROFITS before tax of Ruu Estates Holdings were more than halved from £1.39m to £593,000 in the year ended June 30, 1978. Turnover was cut from £2.7m to £1.72m.

After tax of £319,949 (£232,746) net earnings per share are shown at 20.1p (45.9p) and 7p bonus, 21.5p against 47.7p in the final dividend is 7p. The final dividend is 7p making a total of 9p compared with 13p previously.

Since July 1, 1977, deferred tax no longer provided on development expenditure. This change in accounting policy has resulted in a credit to reserves of £74,294 relating to prior years.

Of this credit, £19,077 relates to the 1977 deferred tax charge and is being adjusted in the comparative figures accordingly.

The group grows and makes tea in Malaya through wholly owned subsidiaries.

Burton shares active

Dealing was active yesterday in all classes of Burton Group shares following market speculation that the non-voting "A" shares may soon be enfranchised. The company, least year experienced a significant turnaround from losses to profits of £7.6m.

Last night, however, the Board repeated an earlier statement that, while believing in enfranchisement, it was not yet the time to put this into effect.

Meanwhile various Burton directors have significantly increased their holdings of non-voting "A" shares over the past year. Further purchases by the chief executive, Mr. Cyril Spencer, Mr. R. W. Halpern, Mr. Brian North and Mr. Ladislav Rice were announced yesterday.

Last night the "A" shares closed 10p up at 192p (22p on the week). The ordinary shares were 7p higher at 209p (plus 25p) while the warrants sat on a further 5p to 51p (11p more over the week).

The outstanding warrants carry rights to subscribe for 3m "A" non-voting ordinary shares at a price of £2 a share, exercisable during the six weeks ending April 30 in any of the years 1975 to 1985.

Bland Payne involved in £7m of insurance disputes

BY JOHN MOORE

Bland Payne, the insurance broking company of Midland Bank which is merging with Lloyd's broker Sedgwick Forbes in a deal worth £100m, is involved in insurance disputes amounting to £14m (£7m).

The details are revealed in the merger document which was sent out to shareholders of Sedgwick Forbes yesterday.

In the section providing additional information in the document it is reported that a claim has been made against a member of the Bland Payne Group involving an estimated

amount of up to £1.75m, arising out of the normal course of the group's insurance broking business.

"This claim is being strenuously resisted," says the document.

Bland Payne could face two other claims against it involving £10m, and £1.1m plus accruing interest.

Bland Payne is not yet aware of the factual basis of possible claim against it arising from these two disputes. But on the £10m possible claim it is said that "there is likely to be a

strong case for disputing" its legal basis.

It is also confident that it would be covered by its own professional indemnity insurance in the event of any claim.

Bland Payne's chairman, Mr. Neil Mills would not indicate yesterday who were the other parties involved in the dispute or the nature of the dispute which is being disputed.

"Although the amounts involved are in size significant they do not represent a sizeable exposure," he said. "Most brokers have potential errors and omissions problems," he added.

Director disposes of 1.25m shares in Allied Breweries

Mr. N. L. Salmon, a director of Allied Breweries and former chairman of P. Lyons and Co., yesterday disposed of 1.25m shares in the London Stock Exchange of the sale of 1.25m Allied Breweries shares in which he had a beneficial interest.

The sale price was 82.2p a share, and represents 34 per cent of the shares issued to a family group, of which Mr. Salmon is a member, when Allied acquired the J. Lyons and Co. food group late last year.

According to Mr. Salmon the decision to sell was taken because "family members reckoned that we had an unbalanced portfolio. We had a hell of a lot of shares and money tied up in one company."

Mr. Salmon said no further sales of Allied shares were intended for the immediate future. He indicated that the reduction would not affect his position on the Allied board.

"I think the remaining 2.4m shares the family group holds more than meets the director's qualifications," he said.

COMFORT HOTELS CITY HOTELS Comfort Hotels International, which recently better known as Armitage International, has estimated its 1978 pre-tax profits to be at least £1.3m—however City Hotels Group, for which Comfort is bidding £5.7m, says its profits will be at least £1.6m.

The estimates are contained in the offer document sent yesterday to City Hotels' shareholders.

Comfort says that last year's pre-tax profits were at least 30 per cent better than the £996,000 earned in 1976, but warned that this is before an extraordinary charge of around £675,000. A large proportion of this charge relates to the net loss attributable to Comfort's Copenhagen operation.

Comfort says that the two hotel businesses are complementary and that a combined operation would strengthen the group in the City. Hotels' restaurants and ice cream business would broaden Comfort's activities.

Shareholders and directors controlling 51.45 per cent of City Hotels have already agreed to accept Comfort's offer.

Johnson-Richards Armitage Shanks merger details

DETAILS of the proposed merger between H. and R. JOHNSON-RICHARDS TILES and the Armitage Shanks Group were announced yesterday.

The merger will be effected by a new company, Johnson-Richards Armitage Shanks, to be formed to acquire both Johnson-Richards and Armitage Shanks.

For each 25p ordinary in Johnson-Richards, one Johnson Armitage share is being offered plus either 25p convertible unsecured loan stock or 20p cash.

The preference offer is 75p cash for each 3.5 per cent (formerly 5 per cent) redeemable cumulative preference share in Johnson-Richards.

The offer for Armitage Shanks is seven 25p ordinary shares in Johnson Armitage plus the 175p nominal of convertible stock or 140p cash for every 10 Armitage Shanks ordinary.

Johnson Armitage will not, under current regulations, be subject to dividend control for

its first two accounting periods. Johnson Armitage would envisage paying, in respect of the period to March 31, 1980, dividends totalling 7p net. It is intended that such dividends would be paid as to not less than one-third as an interim dividend and the balance as a final dividend in February, 1980, and August, 1980, respectively.

In addition, subject to the ordinary offer becoming unconditional and in lieu of final dividends for the year ending March 31, 1979, the ordinary shareholders of Johnson-Richards will receive a second interim dividend of 0.75p net per share and ordinary shareholders of Armitage Shanks will receive a second interim dividend of 2.75p net.

The total gross dividends paid or proposed for each company for that year will represent an increase of 10 per cent over the total gross dividends paid in respect of the previous year.

It is expected that the formal merger document will contain forecasts for each company's current financial year ending March 31, 1979.

The board of Johnson-Richards will expect to receive a dividend before the end of some £7m, tax of about £2.3m and minority interests of about £400,000. This would give attributable profits of £4.3m.

The directors of Armitage Shanks expect to forecast a pre-tax profit of about £4.5m, tax of some £1.05m and minority interests of about £150,000. The assumptions on which the above forecasts are now being prepared include an assumption that the two companies will not be significantly affected by industrial action in the remainder of the current year.

FIH/PEERAGE Nine-month unaudited profits of £1.6m against £1.2m are announced by Ferguson Industrial Holdings in its formal offer for Peerage, of Birmingham, sent to shareholders on Friday.

However, FIH warns that the industrial action disrupting supplies to and from certain subsidiaries, together with severe weather may prevent profits in the last quarter being "as satisfactory as the Board might otherwise have expected".

Recommending the offer, Mr. C. A. Jewsbury, chairman of Peerage, tells shareholders that the merger of the two companies, with the marketing expertise of the two companies should be mutually beneficial.

Gnome jumps by £98,000

REPORTING a sharp rise of near £100,000 in first half taxable profits, Gnome Photographic Products, the directors warn that present national crisis may adversely affect performance in the second six months if it continues for any significant period.

The group's sales, and associated earnings are subject to seasonal fluctuations, which generally tend to produce higher figures in the first half. The present situation could accentuate this tendency, they state. On the other hand Elite Optics, Gnome's only subsidiary, does not appear to be significantly affected.

Of this credit, £19,077 relates to the 1977 deferred tax charge and is being adjusted in the comparative figures accordingly.

The group grows and makes tea in Malaya through wholly owned subsidiaries.

G. R. Francis goes ahead to £112,000

AFTER a first-half increase in taxable profits the directors of G. R. Francis anticipate a further profit advance in the remainder of the year, subject to the effects of the present industrial climate.

In the half September 30, 1978, the group made a profit of £112,000 on turnover of £88,500 to £112,085 on turnover ahead from £2.36m to £2.52m. For the whole of last year the company turned in taxable profits of £228,000, against £241,000, and paid a single dividend of 3.95p net (3.97p) per 10p.

Tax in the period under review was up from £51,225 to £58,284.

MERCANTILE CREDIT SELLS COWIE STAKE

MERCANTILE CREDIT, Barclays subsidiary, has sold its 28.8 per cent stake in North-East motor distributor T. Cowie Sales to the City. The sale has been placed with a spread of institutions at what is believed to be an average 10 per cent discount to the market price. Last night Cowie shares closed 31p lower at 46p.

The sale ends a long standing rivalry between Mercantile and Mercantile. At one stage as a result of close personal links between the companies, Mercantile's stock reached 48p per cent.

An overdraft facility until recently provided by Mercantile was recently rearranged and Cowie's borrowing facilities are now all provided by Midland Bank and its finance house subsidiary Forward Trust.

MAURICE JAMES DISPOSALS

Maurice James Industries has sold its 50 per cent retailing business, George Doland, to John Cheate, of Leicester, the privately-owned menswear company, for £1.2m cash. Cheate assumes responsibility for the Doland's business, which is in excess of £750,000.

MJI is also expected to sell Casper Jack—its clothes importing subsidiary—in the very near future. This sale, Mr. Maurice James, the chairman said, will improve MJI's liquidity by some £500,000.

The sale of Doland and the impending sale of Casper Jack will complete MJI's programme of restructuring. The company's "no-further share acquisitions" are anticipated, near area acquisitions planned.

The improvement in the cash position of the group will enable MJI to exploit the considerable potential of its engineering subsidiary, Joshua, Burgess, and will also make resources available to the group's other subsidiaries.

J. S. SIEGER

J. S. SIEGER, a company of Heston, has acquired the 50 per cent of the shares of J. S. SIEGER in POUCE.

Sieger is based in the South of England and has 200 employees. The company develops, manufactures and sells products for measuring and analysing explosives and propellants.

Results due next week

Results due next week throw light upon some important sectors of the market. The Rank Organisation, whose activities stretch through leisure, electronic instrumentation and office equipment was an interest in Rank Xerox, is likely to show a figure around last year's level. Incepage will be reporting a profit fall, as will Tate and Lyle.

Engineers Dovy Corp. and John Brown should both report better results while two discount houses, Alexanders and Union Discount are likely to show figures well below comparable results.

Rank Organisation, which reports final results on Wednesday, is not likely to improve on last year's pre-tax figure of £124.5m according to analysts, whose expectations range from £120-£125m. However, particularly pleased with the way its new machines are being integrated and with sales well up, this company should contribute well to the group profits. At the other end of the scale, the electronic instrumentation division has turned flat and audio visuals have had a poor year, possibly due to increasing Japanese interest in this market.

The leisure division should show improvement with Butlins and the recently acquired Leisure Caravans both having good years. Incepage's interim result is clouded by the losses, reported

in December, of its Dutch-based commodity trading subsidiary, Harbors. At the end of the last financial year Harbors's losses totalled £1.5m and it had made provisions for a further £5m. In December the figures were revised upwards to £7.5m and £17m respectively. Incepage will be explaining exactly how it is going to treat the situation in its interim statement on Thursday. Assuming that it treats the losses at the first half but not the provisions the average of analyst's estimates is £24m, compared with 34.4m at the half-way mark last year.

The results from African operations are likely to be disappointing but prospects are bright in the Far East. The UK-based operations appear to have performed well (Harbors excluded) while Australia looks like being marginally up and the Middle East marginally down.

John Brown traditionally avoids interim results and settles for an estimate of pre-tax profits for the full year. Following the November rights issue, however, when the company forecast profits of "at least £25m", it is possible that Brown's statement this time will not include a revised figure. Nevertheless analysis fees for profits for the year to March should be above £28m (£23m). More interest next week will focus on any further indication that acquisitions are on the way. Moves had been widely anticipated but the lack of developments so far could lie in the share price, which has not been boosted by the promised dividend increase accompanying the rights issue. Meanwhile, trading continues to go well, although the gas turbine side, after record deliveries last year, may experience a marginal profit downturn.

On Tuesday DAVY CORPORATION is announcing interim profits expected to work out at about £10m (£8.5m). The half year figure for any prospective contractor is difficult to predict but several completions or near completion are thought to have come through during the period. Exception from disclosure of true profits, analysis and forecast are fraught with complications. One point, however, is not disputed. With interest rates between January to December rising from 6 per cent to 12 per cent, 1978 was a dreadful period compared with the annual mirabilis 12 months earlier. For what it's worth one broker expects a profit of £300,000 from Alexanders and £2m from Union, while the general feeling is that Union has enjoyed a softer ride.

Other results due next week

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

Details have been released of the proposed merger of Sedgwick Forbes and the Midland Bank subsidiary Bland Payne which will result in the largest insurance broking house in the UK.

Deals in Sedgwick are expected to restart on Monday, having been suspended since November when the plans were announced. Midland Bank is to return 10% per cent in the new Sedgwick Forbes-Bland Payne company and is to sell off shares worth \$52.7m, mostly as a rights offer to its own shareholders.

The expected return of Mr. James Gulliver to UK food retailing was confirmed by the purchase, via a share exchange deal, of Avonmiles, the company formed last year by two associates of Mr. Gulliver to take a near-30 per cent stake in food distributors Morgan Edwards.

Arlington Motor is entering the car auction market by the agreed acquisition, at £725,000 of Northampton Car Auctions. The chairman indicated that the venture could well lead to bids for other car auctions.

Hewden Stuart Plant has bought, for £800,000 cash and 400,000 ordinary shares, the crane fleet and hire business of the Kaye Goodfellow Group.

Mr. W. R. Murton, chairman of Alginate Industries has stated that the offer from Merck is higher than the shares could be expected to go in the medium term and recommends acceptance of the 385p per share offer.

Babcock and Wilcox has sold the bulk of its holding in the French engineering group, CIE Babcock Fives, for \$61m.

Table with columns: Company bid for, Value of bid per share, Price before bid, Value of bid, Bidder, Final Acc'tee date.

PRELIMINARY RESULTS

Table with columns: Company, Half-year to, Pre-tax profit, Interim dividends per share.

INTERIM STATEMENTS

Table with columns: Company, Year to, Pre-tax profit, Earnings, Dividends per share.

(Figures in parentheses are for corresponding period.) Dividend shown net except where otherwise stated.

Silverthorne looks for advance after making £274,000 in year

TAXABLE profits of Silverthorne Group for the year to October 1, 1978 were £274,000 on turnover of £3.98m. In the previous 15 months the group made pre-tax profits of £263,246 on £4.8m turnover.

At the halfway stage the group, a subsidiary of Uniochrome International, turned in £174,000 pre-tax profit, compared with £113,228 for the nine months to March 31, 1977.

For 1978 the company made a pre-tax loss of £64,000, and the following year it was back in profit with a total of £148,000. The tax takes £125,052, against £88,155. The final dividend of 1p net per 10p share makes a total of 1.5p (1.5p for the 15-month period), and stated earnings per share are shown down from 5.80p to 4.21p.

In his annual statement Mr. Bernard Owens, chairman, says three of the four operational companies performed well. The only area of weakness has been Joseph Gillet and Sons, castor manufacturers. Mr. Owens says the furniture manufacturing industry lacked buoyancy, and competition is intense.

But Mr. Owens says that given reasonable trading stability and uninterrupted production, and assuming better results from competition, particularly of Gillet, the group should see a further steady advance in the year ahead.

Gelfer rises to £334,000

TAXABLE profits of A. and J. Gelfer advanced from £260,325 to £334,905 in the half year to September 30, 1978, on turnover of £1.46m to £2.01m. Total pre-tax profits last year were £74,000.

Net profit comes out at £185,905 (£128,625) after tax of £178,000, amounting to 134,700. Stated earnings per 20p share are up from 2.01p to 2.65p. The interim dividend is lifted from 1.2p to 1.4p net. The total payment for last year was 2.85p.

The company manufactures ties, men's headwear and scarves. The company's expansion programme is complete, says the chairman, says in his annual report.

However, the group would not obviously expect to achieve its full profit potential during the period of maximum capital expenditure, the chairman says. The proposals for developing the brewery are being supplemented by a considerable expenditure programme on the pubs.

The major emphasis in the scheme is timed to coincide with the planned new brewhouse coming on stream, Mr. Pope states. At the year ended September 30, 1978, profits before tax improved from £1,080m to £1,320m on turnover of £12.64m against £11.26m. Profit on a CCA basis is reduced to £1,044m after adjustments for depreciation, £220,835, cost of sales, £71,554 and gearing, £1,344m.

Finance director for United Scientific

Mr. Anthony Jackson has been appointed finance director of UNITED SCIENTIFIC HOLDINGS. Mr. William Hury has been appointed the European director of the U.S. MEAT EXPORT FEDERATION.

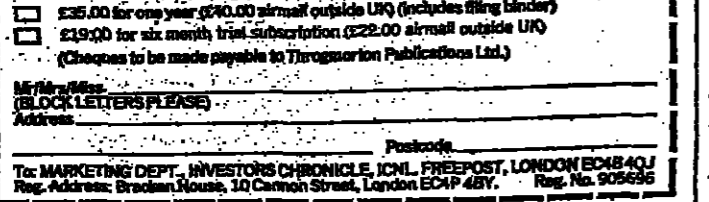
Mr. Richard L. Terrell, former vice-chairman of General Motors Corporation, and Mr. Edward J. Schlegel, executive vice president and a director of Caterpillar Tractor Company, have been elected to the Board of NCR CORPORATION.

Mr. Stanley E. Wilce has been appointed managing director of ADAMSON & HATCHETT (Acrow Group). He takes over his new position after three years as deputy managing director.

Dr. Philip J. Hilton has been appointed a deputy principal medical officer of EQUITY AND LAW LIFE ASSURANCE SOCIETY. Mr. Ian M. Richard, assistant managing director of Western Mail and Echo, Cardiff, has been appointed managing director of

THAMES VALLEY NEWS-PAPERS in Reading from April. Mr. Edward R. Kane has been appointed a director of J. P. MORGAN AND CO. INCORPORATED and of its wholly owned subsidiary, MORGAN GUARANTY TRUST COMPANY, of New York.

Mr. Paul G. Pålsson, of BROSTROM SHIPPING COMPANY, Gothenburg, has been appointed managing director in place of Mr. Ingemar Bleannow, who has left that position. Mr. Robin Napier has become chairman of CHARTERHOUSE JAPHET (NORTHERN), the Manchester subsidiary of merchant bankers, Charterhouse Japhet. He is a director of Charterhouse Japhet in London.



At the beginning of every year the IC News Letter selects a number of shares (generally six) for capital gain over the following twelve months - its Star Nap Selections.

Utd. Spring still affected by disputes

Mr. David Westwood, the chairman of United Spring and Steel Group, tells shareholders that the group is stronger in every respect that at any time since its formation and directors intend to continue their policy of acquiring companies which they feel will add further to the success of the group.

Receivers appointed to Mears group

PRICE WATERHOUSE partners Mr. Mark Homan and Mr. Brian Larkins have been appointed joint receivers of Mears Bros. Holdings. Mr. Homan has also been appointed receiver of Mears Construction, Mears Properties and a number of other subsidiaries.

GRAZY PRICES P

W H Smith is paying 25 times earnings for LCP Homecentre, Luton, is having to net assets with its bid for Stanley Gibbons. One share 'buy' the other's 'sell'. Our newsletter tells you which is which.

GEN. SCOTTISH YEN 300M LOAN

General Scottish Trust has borrowed Japanese ¥300m from Manufacturers Hanover Trust Company for a period of five years.

HERON MAKING SWISS LOAN ISSUE

Heron Corporation proposes to issue on the Swiss capital market a 4 1/2 per cent loan of SwFr 35m. The proceeds will be used primarily to repay the existing 6 1/2 per cent loan of SwFr 30m, 1973/83.

A LOT OF COMPANIES WE'VE INVESTED IN ARE NO LONGER AROUND.

Advertisement for BARCLAYS UNICORN '500' TRUST, including a graph and detailed text about investment opportunities and performance.

Lacklustre trading on Wall St.

INVESTMENT DOLLAR PREMIUM 82.60 to 81.89% (88%) Effective 52.0035 45% (45%)

A mixed trend prevailed in lacklustre trading on Wall Street yesterday when analysts generally saw little in the news background to provide a spark for the Stock Market.

After opening 4.07 up at \$43.21, the Dow Jones Industrial Average finished 1.65 off at \$37.49, making a net rise of 1.31 on the week.

The NYSE All Common Index, at \$55.85, rose 4 cents on the week, while rises led 26.9m (27.26m) shares.

Investors stayed on the sidelines awaiting President Carter's Budget, scheduled for Monday, and the State of the Union Address on Tuesday.

Analysts attributed the open-

ing advance in a firmer dollar in Foreign Exchange Trading and hopes that interest rates were close to a peak.

Citibank said it will hold its prime interest rate unchanged at 11 1/2 per cent next week.

Analysts had not expected much Stock Market response to the large decline in U.S. Weekly Money Supply figures reported late on Thursday.

The NYSE reported short interest declined 5,481,115 to 37,135,473 shares in the month to January 15.

THE AMERICAN SE Market Value Index gained 0.34 to 161.04, making a rise of 0.71 on the week.

Leigh Products advanced \$3 1/8 to \$18 1/2 on a proposal from Harrow Corp. to merge Leigh into a subsidiary of Harrow for \$20 cash a share.

Rorer Group moved up \$1 1/8 to \$18 1/2 - the boards of Narco Scientific and Rorer reached agreement in principle to merge Narco into Rorer.

CANADA - Most sectors closed higher in active trading yesterday, when the Toronto Composite Index further improved 3.9 to 1364.3.

The Metals and Minerals Index moved up 11.9 to 1218.6 and Golds 1.2 to 1516.9, while Banks firmed 0.82 to 317.72.

Alcan Aluminum gained \$ 1/2 to \$42 on sharply higher year earnings. Texaco Canada rose \$ 1/4 to \$60 on a dividend increase.

Although it reported lower fourth quarter net earnings, Peoples Jewellers "A" were up \$ 1/2 to \$13 1/2 after raising its dividend.

PARIS - Generally steady with one point cut in French Domestic Call Money but not having much impact.

GERMANY - Prices fell across the board on Bundesbank Central Council credit policy tightening measures. Dealers feared higher interest rates.

Leading Banks lost up to DM 6, most Motors shed DM 4.

Bond Market tended lower with losses of up to 50 pfennigs, and Regulating Authorities bought DM 27.1m worth of stock.

BRUSSELS - Mostly higher in moderate trading.

UK, U.S. and French issues higher, Germans and Dutch little changed, Canadians mixed. Gold mines higher.

SWITZERLAND - Higher in reduced trading on yield considerations intensified by success of first 2 1/2 per cent Bond on Swiss

Capital Market. However, investors cautious ahead of weekend following Thursday's monetary decisions of West German Bundesbank.

Domestic Bonds firmed after Canton of Bern's 2 1/2 per cent Bond opened above par. Foreign Bonds steady.

Dollar stocks mostly above overnight New York closing levels. Dutch Internationals narrowly mixed, Germans lower.

MILAN - Higher over a broad front in fairly active trading.

AUSTRALIA - Firmer in relatively active trading, with Gold-oriented issues particularly strong.

JOHANNESBURG - Gold shares continued firm in fairly active trading. There was fair London interest.

Mining Financials hardened, as did Coppers in line with Free Market price rises. Platinums put on 10 cents.

Industrials steady to firmer. State Loans steady to slightly higher.

TOKYO - Mixed after late profit-taking pared early gains. Volume 400m (410m) shares.

Oil, Coal, Carriers and some Populars led the fall.

HONG KONG - Easy in quiet trading.

NEW YORK

Table with columns: Stock, Jan 19, Jan 18, Jan 17, Jan 16, Jan 15. Lists various stocks like Corning Glass, C.P. Int'l, Johnson Controls, etc.

Table with columns: Stock, Jan 19, Jan 18, Jan 17, Jan 16, Jan 15. Lists various stocks like John Hancock, Johnson Controls, etc.

Table with columns: Stock, Jan 19, Jan 18, Jan 17, Jan 16, Jan 15. Lists various stocks like Raychem, Raychem Metals, etc.

FRIDAY'S ACTIVE STOCKS

Table with columns: Stock, Change, Close, High, Low. Lists active stocks like UV Indus, En Lilly, etc.

Indices

NEW YORK - DOW JONES

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Dow Jones index values.

MONTREAL

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Montreal index values.

TORONTO

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Toronto index values.

JOHANNESBURG

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Johannesburg index values.

PARIS

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Paris index values.

BRUSSELS

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Brussels index values.

AMSTERDAM

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Amsterdam index values.

STANDARD AND POORS

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Standard & Poors index values.

SPAIN

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Spain index values.

GERMANY

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Germany index values.

FRANCE

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows France index values.

NETHERLANDS

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Netherlands index values.

SWITZERLAND

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Switzerland index values.

ITALY

Table with columns: Jan 19, Jan 18, Jan 17, Jan 16, Jan 15, High, Low. Shows Italy index values.

F.T. CROSSWORD PUZZLE No. 3,876

A prize of £5 will be given to each of the senders of the first three correct solutions... Solutions must be received by three Thursday, marked Crossword in the top left-hand corner of the envelope...

Crossword puzzle grid with clues for Across and Down.

RACING BY DOMINIC WIGAN

Cheltenham backers pick Jack of Trumps

The ABSENCE of both Mid-night Court and Grand Canyon from the Cheltenham Gold Cup has already robbed the festival showpiece of arguably the two most exciting home-trained chasers, and the prospect of a novice obliging on March 15 now seems very real.

Ladbrokes, who report a generally quiet market on the race, have however laid a £30,000 to £3,000 each-way bet about Ireland's top novice, Jack of Trumps.

Jack of Trumps, owned by Mr. J. P. McManus, was withdrawn at the final declaration stage from the Embassy Premier and Norfolk Chase, and it could well be a field day for him and Fred Winter.

My idea of their best prospect is Ballyfin Lake, sure to be all the better for his recent run at Wincanton.

Ballyfin Lake, the winner of consecutive races at Wincanton, Ascot and Chestow last season before falling honourably to give Lighter 7 lb in the Berkshire course's Philip Corn's Saddle of Gold final, has four to beat in the Fulwell Chase.

Master Spy could be the right one for forecasts.

solely of Uplands representatives-Ballyfin Lake, Killwarren, Stopped, White Paper and Norfolk Chase, and it could well be a field day for him and Fred Winter.

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Master Spy could be the right one for forecasts.

WORLD STOCK MARKETS

Table with columns: Stock, Price, Div. Yld. Lists various international stocks.

GERMANY

Table with columns: Stock, Price, Div. Yld. Lists German stocks like Allianz, BASF, Bayer, etc.

PARIS

Table with columns: Stock, Price, Div. Yld. Lists Paris stocks like Renault, Peugeot, etc.

AUSTRALIA

Table with columns: Stock, Price, Div. Yld. Lists Australian stocks like BHP, Woolworths, etc.

NETHERLANDS

Table with columns: Stock, Price, Div. Yld. Lists Dutch stocks like ABN, Friesland, etc.

SWITZERLAND

Table with columns: Stock, Price, Div. Yld. Lists Swiss stocks like Nestle, Swissair, etc.

ITALY

Table with columns: Stock, Price, Div. Yld. Lists Italian stocks like Fiat, Eni, etc.

NETHERLANDS

Table with columns: Stock, Price, Div. Yld. Lists Dutch stocks like ABN, Friesland, etc.

SWITZERLAND

Table with columns: Stock, Price, Div. Yld. Lists Swiss stocks like Nestle, Swissair, etc.

ITALY

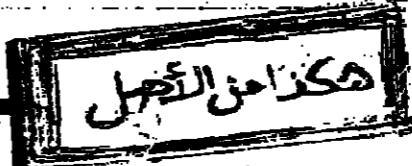
Table with columns: Stock, Price, Div. Yld. Lists Italian stocks like Fiat, Eni, etc.

SOLUTION AND WINNERS OF PUZZLE No. 3,876

Following are winners of last Saturday's prize puzzle: Mr. M. J. Funnell, 27, Bonchurch Street, Leicester, LE3 5EG.

FINANCIAL TIMES SURVEY

Saturday January 20 1979



Strong boost for 'new' regions

By Rupert Cornwell

ITALY WITHOUT doubt has drawn more expressions of regard from foreign visitors over the centuries than any other country.

However, in this more prosaic age, figures and not words best illustrate what tourism means to it. The data statistics reveal an industry which employs, full or part time, 1.5 million people, provides more than 100,000 beds and which has generated an estimated income of 1,500,000 million lire and a total turnover of up to three times that size.

Dr. Jonsson remarked in 1776 that a man who had not been to Italy was always conscious of a sense of inferiority, and 40 years later an intoxicated Shelley recorded how immediately upon his arrival "the loveliness of the earth and the serenity of the sky made the greatest difference in my sensations."

Had the poet made his first acquaintance with the country stepping off a cramped and crowded airliner, he might not have been so moved—though Dr. Johnson's observation still holds partly true to judge from the importance so many attach to even the most fleeting stop in such cities as Rome, Venice or Florence.

But in the second half of the 20th century the beaches of the Adriatic—barely distinguishable in summer from those of Spain, France or Blackpool—are a bigger attraction than the artistic centres inland. And for the Italian Government the biggest attraction of all is the colossal aid to the national

economy that tourism brings. The net inflow of foreign currency is the equivalent of 10 per cent of so of the annual import bill, and in a year when because of payments problems, revenue from tourism can determine whether Italy sinks or swims.

This long tradition of playing host to visitors is both a blessing and a curse, as the country's tourist administrators are now gradually learning out. Over the years it has caused Italy, with the largest tourist infrastructure in Europe, to outstrip in terms of hotel and holiday beds in the UK in second place, by a wide margin. The country has been able to remain master of its own tourist destiny, keeping the foreign tour operators at bay, and the excesses of over-rapid development, blameworthy, generally have been avoided, although there have been some disasters. One, Rapallo on the Ligurian Riviera, even provided the Italian language with a new verb "rapallozare," denoting the wanton destruction of a beauty spot by unchecked speculative building.

Perhaps inevitably, a sense of complacency also grew: that Italy, so endowed by nature and history, could not fail to remain the largest single magnet for foreign visitors in Europe, and indeed the world. So indeed it was until the mid-1960s, but by 1976 other countries—first the U.S., then France, Spain, Germany and Austria—by one measure or another had overtaken Italy.

In the last two years there

Italian Tourism

Although Italy remains the largest single magnet for foreign visitors in Europe the Italian Government plans an important shift of emphasis to promote not merely the traditional tourist areas of the north but other regions—in particular, the Mezzogiorno, the attractive but less-developed southern half of the Italian peninsula.



Telaro, a small fishing village on the southern tip of the Gulf of La Spezia

unquestionably has been a revival spurred as much as anything by the lira's sharp depreciation. Between 1975 and 1977 foreign currency receipts exactly doubled to L4,202bn and last year Dr. Michele Pandolfo, president of ENIT, the state tourism agency, has put the inflow at L5,000bn—a figure which falls only slightly short of the country's likely balance of payments surplus for 1978.

The achievement on the face of it is considerable. Last year, after all, when the total of

and Yugoslavia. Second, now that the lira has taken the plunge into the new European monetary system which is due to start shortly, Italy's tourist industry stands to lose a significant part of the currency edge it has enjoyed. Two-thirds of the foreign visitors come from other EEC countries, to whose currencies the lira is now formally linked.

Similarly, its steady advance against the dollar can only help make the country less competitive a tourist centre for those

coming from outside Europe. Much will depend on the industry's ability to keep a grip on its prices, which in turn will be conditioned by the Government's general performance on the inflation front.

Some big changes have been made already, most notably the devolution of responsibility for tourism to the regions, with the Ministry and ENIT taking on a purely co-ordinating function. At its worst this has led to quite unnecessary duplication in the hunt for visitors—a Tuscan dele-

gation even managed to visit Somalia—but some useful initiatives are beginning to surface. The Veneto region, for instance, in which some of the country's most precious sightseeing jewels are to be found, is busily (and with success) promoting off-season tourism in Venice, and putting together week-long trips taking in other interesting centres in the region.

Less tangibly, but perhaps even more significantly, the people who run the tourist industry are re-assessing the strategy which has guided it since the war. In a nutshell, the aim is to shift the emphasis away from the north of the country and the high summer to the under-privileged south and other parts of the year.

worth three to the domestic economy thanks to the multiplier effect.

At the heart of the new grand design that is slowly emerging is naturally the Mezzogiorno, that backward southern half of the Italian peninsula which obstinately has defied decades of efforts to lift it to a level of prosperity near that of the north. In tourism as well, the region is sadly on the outside looking in. Three-quarters of the industry's infrastructure is in the centre and north, from Rome upwards. Most absurd of all, in the very region of Italy which most of its enjoy the sun, and could most naturally play host to off-season tourists, hotel occupancy the year round is barely 29 per cent.

Hopes

Today, however, there are hopes that something may be done at last. The three-year economic development plan, elaborated under the aegis of Sig. Filippo Maria Pandolfi, finance minister, concentrates heavily on advancing the cause of the south in the period under review, from 1979 to 1981. Moreover, there is a general conviction, examined in detail elsewhere in this survey, that the old recipe of massive industrial installations to revive the south has failed irredeemably that the future lies in developing the region's agricultural and tourism resources.

Not least worrying for the industry is the knowledge that, in part, its difficulties derive from those of the economy as a whole, and which therefore will be the hardest to put right. Social unrest and terrorism, do not seem so far to have had more than a sporadic and local impact on tourism. Much more serious is the general decay of the public services in Italy which makes people unquestionably more wary about visiting the country, for all its splendours man-made and natural.

The real danger is to Italy's reputation, that the drip, drip effect of insistent talk of strikes, airport shutdowns and lack of adequate public transport may eventually persuade the undecided tourist that Greece, Yugoslavia, Spain or Portugal represent a safer bet. That has not happened yet, but in the increasingly cut-throat world of modern tourism, it might.

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Address _____



ITALIAN TOURISM II

Charms of the grand tour



Rome: The Tiber, showing St. Peter's and the bridge of the Castle St. Angelo

ITALY'S SPECIAL distinction, as a tourist centre is not its beaches, marvellous though they can be where not polluted. Nor its winter sports facilities for all their growing popularity. Nor even the constant appeal of the climate, welcoming for the traveller from the north as the peninsula falls away from the Alps south into the Mediterranean. All these single qualities can be matched, more or less, elsewhere.

Above all Italy is a living museum of human achievement, and this achievement reaches its zenith in its cities. Motives for visiting them, of course, have changed down the centuries. No longer do people mainly come as in the Middle Ages and the Renaissance to study in what then were perhaps Europe's most celebrated seats of learning, while the 20th century does not lend itself easily to the leisured genteel opulence of the Grand Tour. But even today it is hard to leave one of Italy's historic cities and not feel that, in the widest sense of the word, you have not learned something—and harder still not to find the experience pleasurable.

Rome, Florence and Venice are the three biggest magnets, the three compulsory stopping posts on any aesthetic odyssey to Italy, but in a sense they are only the summit of what might be described as a cultural pyramid. Below them comes a broader layer of many exquisite smaller cities—Verona, Padua, Vicenza, Siena, Pisa, Lucca, Viterbo and so on, which in turn shade into an infinity of smaller towns and villages, almost every one possessing something worth visiting.

Examples

The peculiar Italian charm of these communities, large and small, is that they have for the most part managed to remain living cities—even Venice, least suited to the realities of today and whose very existence is a precarious balance between land and sea. Yet the fact is that most of them are in the industrialised north of the country; and in their different ways Florence, Rome and Venice illustrate the problems of reconciling the demands of mass international tourism with ordinary urban life. The problem, it should be said, is made no easier by the inefficiencies of Italian public administration, and the three cities are themselves evidence of how tourism can no longer be separated from more general economic and social considerations.

Venice, of course, is the most vivid example. Its destiny has spawned controversy for

to become a city." In other words that Rome stops assuming it is the natural mecca for tourists that the urbs was of old, and acquires the infrastructure of any modern capital city.

Last year, of course, produced several special handicaps, above all the kidnapping and assassination of Signor Aldo Moro, the former Prime Minister, which turned Rome into a city under siege for much of the early summer, and which undoubtedly deterred many would-be visitors. But the writing was on the wall as long ago as 1975, when Holy Year failed to produce the tourist bonanza confidently forecast. In 1978 a drop in the number of foreign visitors of 254,000 (presumably mainly of genuine tourists since the number of businessmen coming to Rome must be taken as reasonably constant), led to a loss of foreign exchange income for the city put at L50bn (£32m). Most significantly the average stay in Rome and its immediate environs dropped from over three to only 2.6 days—a sign perhaps that people are simply less willing to put up with the inconveniences of the capital.

Reasons

The reasons are well enough known and start at the airport and railway stations themselves, where strikes make any planned arrival or departure a lottery. The plight of the city's finances has led to many museums being shut, and the night illumination of what ought to be one of the spectacles of the world is meagre, to put it mildly. Public services, especially transport, are a disgrace for a modern metropolis.

Many tourists are offended by the general grubbiness and dirtiness of leading monuments, others worried by the reputation Rome has acquired (perhaps unjustly) as the international centre of handbag snatching and petty theft. Christmas brought its own unwelcome present, in the form of an apocalyptic warning from Professor Adriano La Regina, in charge of Rome's ancient monuments, that traffic pollution was wrecking many of them. There are signs, however, that the tourists authorities are starting to tackle the problems.

Next year a vigorous campaign is planned to brighten up the city and improve information available to tourists, especially on Rome's somewhat baffling museum and shopping hours. New attractions will be promoted, including more trips to ancient Ostia (a mini-Pompeii only 20 miles from the city) and boat tours along the Tiber; the old Circus Maximus may be reopened for public entertainment. In any case, one thing is clear. Rome, Italy's oldest and most glorious tourist centre, can no longer take things for granted. If it is to join in the general tourist boom which Italy as a whole is enjoying.

Rupert Cornwell

EVEN FOR the traveller from mainland Italy, a trip to Sicily or Sardinia has the excitement of going to a new and different country.

These two islands, the biggest in the Mediterranean, are linked by efficient air services from Rome and other Italian cities. But the more adventurous may choose to go by ship, from Naples to Palermo or from Civitavecchia or Genoa to one of the Sardinian ports, and this traditional means of communication effectively underlines the two islands' very real separateness from the Italian mainland—the "island continent," as one quickly learns to call it.

Separatist sentiment remains strong in both Sicily and Sardinia, as a result of centuries of political vicissitudes. Sicily in the past 3,000 years has been invaded by, among others, Greeks, Romans, Vandals, Ostrogoths, Byzantines, Arabs, Normans, Swabians, French, Spanish and Austrians, which has hit Sardinia in recent years demonstrates. A number of ultra-modern petro-chemical plants, on which plans for the island's industrial growth had hinged, are now threatened with closure. And the tall chimneys and gleaming tube structures of these "cathedrals in the desert" stand in surreal isolation amid the mountainous Sardinian landscape—a reminder of development plants that went awry.

In Sicily, unbridled property speculation and often thoughtless industrial development have spoiled parts of the island's coastline, particularly in the north, where roads and railways are forced by the mountainous interior to hug the sea edge.

The historical isolation of different parts of Sardinia has

created linguistic pockets in rural communities whose inhabitants are often unable to understand the dialect of neighbouring towns close by. In the north-west, around Alghero, the continued use of Catalan in daily life testifies to this area's closer historical links to the Iberian peninsula than to mainland Italy.

Developments

Arrival in Palermo, the capital, is like stepping into the world of the Arabian Nights, with the lights, chatter and colour of the city's crowded street markets, and the exotic domes and arches of its Moorish-influenced Norman architecture. But traffic congestion is appalling, and a general decay and disrespect for the city's architectural heritage coupled with chaotic modern construction in the newer quarters, impair this former pearl of the Mediterranean.

Around the slopes of Mount Etna, the active volcano which majestically dominates the whole of the north-eastern quarter of the island, local building operators have begun surreptitiously digging away the lava grit from small extinct craters for construction materials, to the great dismay of environmentalists and naturalists. Fair Taormina, with its famous Greek theatre and spectacular view to the often snow-capped volcano towering behind, has been vulgarised by a rash of hotels.

Even the celebrated "Valley of the Temples," as Agrigento, one of the finest ancient Greek archaeological sites in Italy, has had its Classical beauty impaired by tasteless modern construction in the town above it and by the sprawling industrial complex of Porto Empedocle below.

But when the almond trees are blossoming in springtime, before the green cornfields have assumed their parched and desert-like appearance of the summer, shortcomings such as these can be overlooked amid the spectacular scenic beauty

CONTINUED ON NEXT PAGE

Vivid contrasts on the islands

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ITALIAN TOURISM III

The south has vast growth potential

THE CASUAL mention of the problems of the depressed south of Italy, the Mezzogiorno in Italian, tends to make business men in the industrial north of the country bristle with indignation and irritation. Their reaction is invariably the same: the merchant banker in Milan justifiably put it this way: "Money has been spent in the south over the last 30 years. The sky was lit with the major investments in chemicals, steel and textiles, but on the whole been a disaster. The north once again is now being asked to bail out the Mezzogiorno which, ideally, should have been transformed into the Florida of Italy with capital concentrated in developing tourism and agriculture."

exacerbated the problems of the South. Political violence and ordinary crime have thrived in the appalling poverty of the suburbs of the cities and in the remote villages in the hinterlands. The south of Italy represents today perhaps the single biggest headache for the country's political forces. The trades union movement and the left wing parties - including the Communists and the Socialists, who effectively share the same measure of guilt as the long-ruling Christian Democrats for the predicament of the South, have singled out the recovery of the Mezzogiorno as the country's priority. For its part, the Government has indicated in its three-year (1979-81) economic plan aimed at laying the basis for stable growth in coming years that new job-creating investment would be concentrated in the South.

Policy

The Government, the political parties and the business community apparently share similar sentiments on the sort of development policy the South now needs. The programme, they say, should be based on the development of agriculture, small or medium sized industries and tourism. In so doing, they ironically reflect in a way the concept first thought up by Lenin, who saw the Mezzogiorno, transformed into a huge old age pensioners' holiday camp, as the ideal place to send the workers of the world to retire.

The basis for the development of tourism in the south are already there. The Mezzogiorno offers an extraordinary grouping of resources for the tourist industry. It is an area of great beauty, of mountains, forests, sea and sand, and with a considerable historical heritage. There are, of course, the traditional tourist settlements born during the last century, from the island of Capri to

Sorrento, from Ravello to Taormina in Sicily.

They were chosen primarily by English and German visitors. There they found thermal stations like the island of Ischia, a mild climate, breathtaking scenery, historical sites and archaeological finds. These resorts still attract a considerable number of visitors each year. And although there are still those classic residential hotels of columns and marble, other facilities have been built to cater for package tours or the day-trippers from Rome.

But the Mezzogiorno offers much more than these traditional settlements. There are the vast undiscovered areas, isolated beaches, the small villages in the mountains and hillsides, the mountains of olive and brush. They are today relatively accessible, although the massive infrastructure programme of the past decades has often been unco-ordinated and illogically planned. In some parts, there has been foreign capital invested in tourism, by the Libyans and the Club Mediterranee, among others.

The possibilities of the area are enormous, and the problem, according to the tourist authorities, now lies in changing the old sporadic and haphazard policies into a concrete and rational development programme to promote the business at the same time as protecting the environment. Indeed, in past years indiscriminate building development, encouraged in large part by attractive subsidies, has done considerable damage.

Even the development of the traditional resorts like Ischia, Capri and the Sorrento coastlines have suffered from sea pollution and building development, and have tended to close up visitors in virtual tourist ghettos, luxurious and costly but cut off from the surrounding regions and population. In turn, the local population has resented the presence of the increasing multitude of tourists that effectively often deprive them of the most beautiful areas and exclude them from the new sports and recreational facilities like golf, tennis, riding, sailing, water skiing and skin diving. In a region as poor as the Mezzogiorno, this generates additional tensions to those born out of unemployment and social deprivation. The newer developments, too, being opened up in remoter areas like Calabria have also tended to become enclaves connected by the most tenuous links to the immediate surrounding area.

The approach both the national and regional authorities are promoting is based on the fundamental need that tourism should be a concrete part of the economic growth of the southern regions of Italy. The tourist sector, they claim, is likely to induce and increase internal demand for natural and semi-processed farm products thus boosting the area's agricultural production. It would, of course, generate much sought-after foreign exchange, and through a construction programme of essential services and infrastructure and new tourist development it would also create employment and wealth.

To this end, there are moves to launch an intensive public relations campaign in countries like Canada, the United States and Scandinavia, which are beginning to move away from their traditional markets such as, for instance, the Caribbean and hardly seem open to African ones. At the same time, Italy is looking towards these northern countries for fresh risk capital, offering subsidies and tax concessions to encourage productive investment in the Mezzogiorno.

However, the development of tourism is no longer the business of the national planners in Rome alone. Recent legislation has now given greater powers to regional Governments. The Rome authorities thus point out that if the southern regions - from Calabria to Puglia, from Basilicata to Campania and Abruzzo - were to become conscious of the fact that their economic growth also depends on their respective capacity to plan the local tourist industry in harmony with the state, there would be great benefits to be reaped all round. But the southern regions continue to be suspicious not only of the state but of their neighbours, and the road to real co-operation seems a long and tortuous one. There are not only financial interests in the way, but as in most other aspects of Italian life there are the inevitable political obstacles.

Paul Betts

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Islands

CONTINUED FROM PREVIOUS PAGE

of Sicily's mountains, valleys and plains. Apart from the modern highways which link Palermo to Agrigento and to Catania and Messina, the island's roads are frequently tortuous and difficult, and hotel facilities in the interior particularly are still in need of development. But to the traveller who has time and energy to unravel the island's secrets gradually and with care, Sicily can be rich in its rewards.

The best place to start from is almost undoubtedly Palermo, which in the 10th century under Arab rule became one of the largest cities in the Mediterranean, surpassed only by Constantinople and Cairo. The eccentric and imposing Sicilian Norman cathedral of St. Mary of the Assumption in Palermo, and the nearby Cathedral of Monreale, of the same period, with its glorious Byzantine mosaics, are two of the most important architectural monuments Sicily has to offer. The massive Capuchin Convent just outside Palermo, with its 8,000 mummified corpses, is another bizarre sight which none but the squeamish should forego.

Syracuse

In the south-east of the island, Syracuse - under Greek rule in the fifth century BC the greatest city in the world - offers its famous archaeological site and, in the old town, one of the most beautiful squares in Italy in front of the baroque facade of its cathedral. For the adventurous, an excursion to the volcanic islands of the Aeolian Archipelago, north-west of Messina, can be an interesting and awesome experience. Still further afield, heading towards Africa, lies the island of Lampedusa, recently discovered by holiday-makers for its beautiful coast and clear blue sea. Here, the Valtour tourist organisation, jointly owned by the Fiat car group and an Italian Government development agency, Inasud, is building a 600-bed tourist village financed by Arab petro-dollars. The main touristic wealth of Sicily, only slightly smaller than Sicily but with little over a quarter of its population, is its beautiful sea and largely unspoilt coastline. From the archaeological point of view, the prehistoric "nuraghi" fortresses and village settlements dating back 3,500 years and more, are of considerable interest. Dotted around the island on a number of sites, both these strange constructions and the isolated

romanesque churches such as Santa Trinita di Saccargia south of Sassari, are evocative reminders of a past history which otherwise has left little tangible trace in this still-primitive land. The old town of Cagliari, with its fortifications built by Pisan colonists in the 13th century, has largely disappeared. But in the north-east of the island, a consortium led by the Ishmaelite leader, Prince Aga Khan, is engaged in an ambitious investment programme to develop 50 kilometres of coastline and its hinterland, the so-called Costa Smeralda, or Emerald Coast, in an unusual pioneer project which has spearheaded tourist development for the island.

This project, started in 1961, still has a long way to go before completion, but it already provides 10,000 beds in hotels and residential development. The organisers have had particular emphasis on preserving the environmental amenities of this remarkably beautiful area, limiting the height of buildings and ensuring a large proportion of open space in developed districts. So far only 20 per cent of the total area has been developed, and further plans involve expenditure of billions of dollars between now and the end of the century.

At Porto Cervo, the Costa Smeralda consortium has built one of the best-equipped yachting marinas in the Mediterranean, with capacity of 485 boats. Regatta, car rallies, self-touring events and similar events provide added attractions for the thousands of visitors every year, many of them from West Germany, Britain, France and Switzerland. One of Sardinia's main problems is still communications, both within the island and with the mainland. The Costa Smeralda consortium also has made its contribution in this sphere, with the creation of the Alisara Airline which serves Rome, Milan and Pisa daily from Olbia Airport, and which in summer extends its services to other Italian cities and to major German, French and Swiss airports.

For the would-be car traveller, on the other hand, heavy high-season traffic on the car ferries can present difficulties. The queues and chaos caused by heavy traffic and wild-cat crew strikes at the main ferry terminals in recent summers have become notorious - and could prove to be one of the main obstacles to the development of tourism to revive the island's flagging economy.

By a Correspondent



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ITALIAN TOURISM IV

Winter sports boom

AS RECENTLY as five years ago Italy was still off the beaten track for winter sports addicts. Among the Italians themselves skiing was largely the preserve of a well-heeled elite who saw the sport largely in terms of changing ski outfits twice a day and being seen at aperitif time on the terrace of the Hotel de la Poste in Cortina. Foreigners either preferred to stay at home or, like the British make for the older-established ski countries such as Austria, Switzerland and France. No one seemed to have realised that there is snow on the southern flanks of the Alps, and for that matter on the Apennines too.



Skiers at Courmayeur. Italy has probably now become the number one skiing nation in Europe, both in terms of volume and turnover

All that is changed now, although the elite mentality is taking a long time a-dying in Cortina. I recently met a trendy type there who confessed she hadn't been able to hit the snow yet. Torn ligaments? No, she just had not been able to put chase a pair of this season's new "soft" skis.

But more to the point, in these five years skiing has become a mass sport in Italy, while Italian ski slopes have become the rendezvous for ski freaks from half of Europe and, increasingly, from the U.S. In deed it is difficult to think of hand of any other Italian industry that has grown so swiftly and so much.

The reasons for the phenomenon are three. The first is the amazing success of the Italian national ski team in international competitions between 1972 and 1976, when World Cup champion Gustavo Thoeni and Pierino Gros brought home to millions the startling fact that the Alps do not stop at Chamounix or Zermatt. The second is the decline of the lira against the dollar and sterling—and in particular the strong European currencies.

Last year, according to the best estimates, 1m foreigners took winter sports holidays in Italy, bringing in £800bn, a fifth of total Italian foreign exchange earnings from tourism. At the same time 2m Italians hit the slopes, each spending an average £850,000 on equipment and ski passes. That makes the total turnover of the industry, shared out between 400 Italian ski resorts and 3,000 sports shops and equipment manufacturers, roughly £1,900bn, which is big business by any standards.

Leader

Italy has probably now become the number one skiing nation in Europe, both in terms of volume and turnover. There are no trustworthy comparative figures to go by, but British tour operators report that last year Italy finally overtook Austria to become Britain's favourite ski destination (the two countries tied for equal place in 1976/77). Swans report that 70 per cent of their ski bookings this year are to Italy, while the percentage may be even higher for West German skiers. It is reckoned that a West German couple can stay a week at a first-class hotel, enjoy a week's skiing, and maybe buy themselves a change of outfit, for what it would cost them to have stayed at home.

On a package holiday from Britain, the price differential between an Austrian and an Italian skiing holiday is between £20 and £50 or more a week, depending on the category, and that excludes things like drinks, entertainment and ski lifts, which are also cheaper in Italy. The differential is even bigger with France and Germany, while Switzerland priced itself out of the sub-millionaire league a long time ago.

Last December Aitalia, the Italian national airline, launched a major U.S. promotion aimed at luring more North American skiers to the Italian Alps. "It doesn't pay to ski Europe unless you ski Italy" was the leitmotif of the campaign. As such statements go, it was pretty close to the mark, but it told by no means the whole story.

Italian skiing can be extremely cheap. This provides the third reason for the Italian ski boom—the offer, by most of the resorts, of ski packages known as "settimane bianche" (white weeks) that provide board, lodging, tuition and ski lift passes for as little as £85,000 per person per week. These have been the main instruments in the "democratisation" of Italian skiing, and in bringing the masses to the slopes.

But for anyone demanding more than the most basic accommodation and facilities, and lacking either a hard currency or the purchasing power of a major tour operator, it can also be extremely expensive. After carefully investigating Italian chalet prices an American finally decided to take his family of four to Val d'Isere for their winter holiday. The fact that a basic chalet available for private hire in Italy cost \$300 a week was enough itself to cancel out the 2:1 Franc-lira exchange rate.

Two factors distort the price situation in Italy. One is the continuing high rate of inflation (13 per cent) which has eroded most of the lira's devaluation benefits. The other is that for some unaccountable reason a lot of Italians expect, and in fact prefer, to pay high prices for their skiing. A recent survey by Daxx, the public opinion institute, disclosed that 36 per cent of Italian skiers buy their

skis in the highest price category—over £120,000, compared to the 16 per cent who go for between £100,000 and £120,000 and the 22 per cent who go for the cheapest end of the market.

So although skiing has become a mass sport, it seems the snob dimension has not altogether vanished. One reason why the shared-chalet formula which operated with success in France and Austria has never really taken off in Italy is that organisers cannot meet the prices which private individuals happily fork out in peak season.

Italy's ski boom has not only been fast and furious but, it naturally follows, chaotic. Government figures covering the sector are virtually non-existent and, as one official at Enit, the Italian Government tourist promotion agency confessed: "There's no such thing as a Government programme for winter sports."

The result is that a week's holiday at peak time in an Italian ski resort can be about as relaxing and rewarding as a ride on London Transport in the rush hour.

The development of infrastructure appears to be running a losing race against the growth of demand, despite the fact that new ski areas are being opened up all the time, as far south as Calabria and even on the slopes of Mt. Etna. As most Italian ski resorts are of recent vintage, they lack the old-fashioned charm of their Austrian or Swiss counterparts—though for sheer architectural snarcl and had taste I would still probably pick France as the worst evildoer.

Italy is also still relatively under-equipped, as compared with ski spots north of the Alps, both in terms of accommodation and ski lifts, but the leading resorts—Cortina, Madonna di Campiglio, Cervinia, Courmayeur, Canazei and the Val Gardena area do not lag all that far behind their big French and Swiss rivals.

Chronically worried about their tax returns, equipment manufacturers are extremely loth to disclose the financial details of their operations even to Assosport, the association grouping the sports goods sector. All the same, it is recognised that Italy leads the world in the manufacture of ski boots and ski wear in general.

The boot sector is estimated to be worth some £200bn a year, with perhaps half of production exported. This pre-eminence stems from the fact that Italian shoe manufacturers were the first to convert from leather to modern materials such as plastic and nylon, and they have hung on to the lead ever since. Skiview makers such as Ellesse and Pila have regularly been doubling their turnover every year, with a healthy slice of production going to the rich U.S. market.

In skis and bindings the presence of Italian brands is less strong, though some foreign giants such as Spalding and

Rossignol have set up Italian factories. Nevertheless, in 1977 Italy exported skis worth £15bn in comparison with £13bn of imports; 97,000 pairs of skis were sold that year, 20,000 more than in 1975.

How long will the boom last? Price is not everything and Inghams, who look after the upper segment of the winter sports markets because of what they view as better facilities, still recommend their clients to "ski Austria" in spite of the price differential. This season, however, hotel and restaurant prices are expected to rise by a further 20-25 per cent, so that the gap will certainly be narrowed. Italy must, if it is to maintain its present leadership, be prepared to formulate a clear policy aimed at competing with other European Alpine nations in terms of both price and quality.

Initiatives

Some initiatives, such as Cortina's Superski formula, which allows skiers to run 1,000 km in the Italian Dolomites with a single pass, cannot be matched anywhere in the world. Courmayeur now boasts the world's largest cable car. But generally much still remains to be done in terms of both basic infrastructure and apres-ski amenities.

The Ski Total formula pioneered by the French is still almost unheard of in Italy, although one station recently opened by Valtur, the Italian counterpart to the Club Med-terranee, comes very close to the mark. Valtur's village at Pila, in Val d'Aosta, offers 60 km of uncrowded runs with excellent and varied skiing—uncrowded because Valtur built the place (an admittedly hideous concrete bunker) from

scratch and virtually made the mountain its private preserve.

At any time except in the depths of the off season, overcrowding and queues at the ski lift are the general rule, however. To avoid standing in line, a growing number of Italians are swapping their regular skis for the Slim Nordic variety and taking up cross-country skiing. Solitude and a closer contact with Nature than that obtainable from an autostrada-like ski run are guaranteed—reason enough for the conversion of 100,000 Italians to this arduous discipline. But what is missing is the surge of adrenaline produced by even a middling fast downhill run.

One growing new area, therefore, is the practice of "ski-mountaineering"—a discipline that combines the advantages of Nordic and traditional downhill skiing. The idea is to leave the prepared tourist-crowded runs and strike out into the deep powder on itineraries lasting between half-a-day and one week. There are already some 20,000 addicts of this new sport, but it is not one to be recommended to beginners or sybarites. One-week-long circuit advertised in the Dolomites features nine km of climbing to 11 km of descent. Nights are spent in mountain refuges, in sleeping bags needlessly to day. For the better off, the ultimate solution may be that offered by an organisation called Lifer, at Ponte di Legno, which will helicopter you up into the Cevedale mountain range east of Bormio and leave you with a guide 3,400 metres up Mt. Venzia. It is 14 km to the nearest village, and not a soul in sight. The price is £85,000. But think of the skill fees and frayed nerves saved.

Christopher Matthews

57th MILAN TRADE FAIR

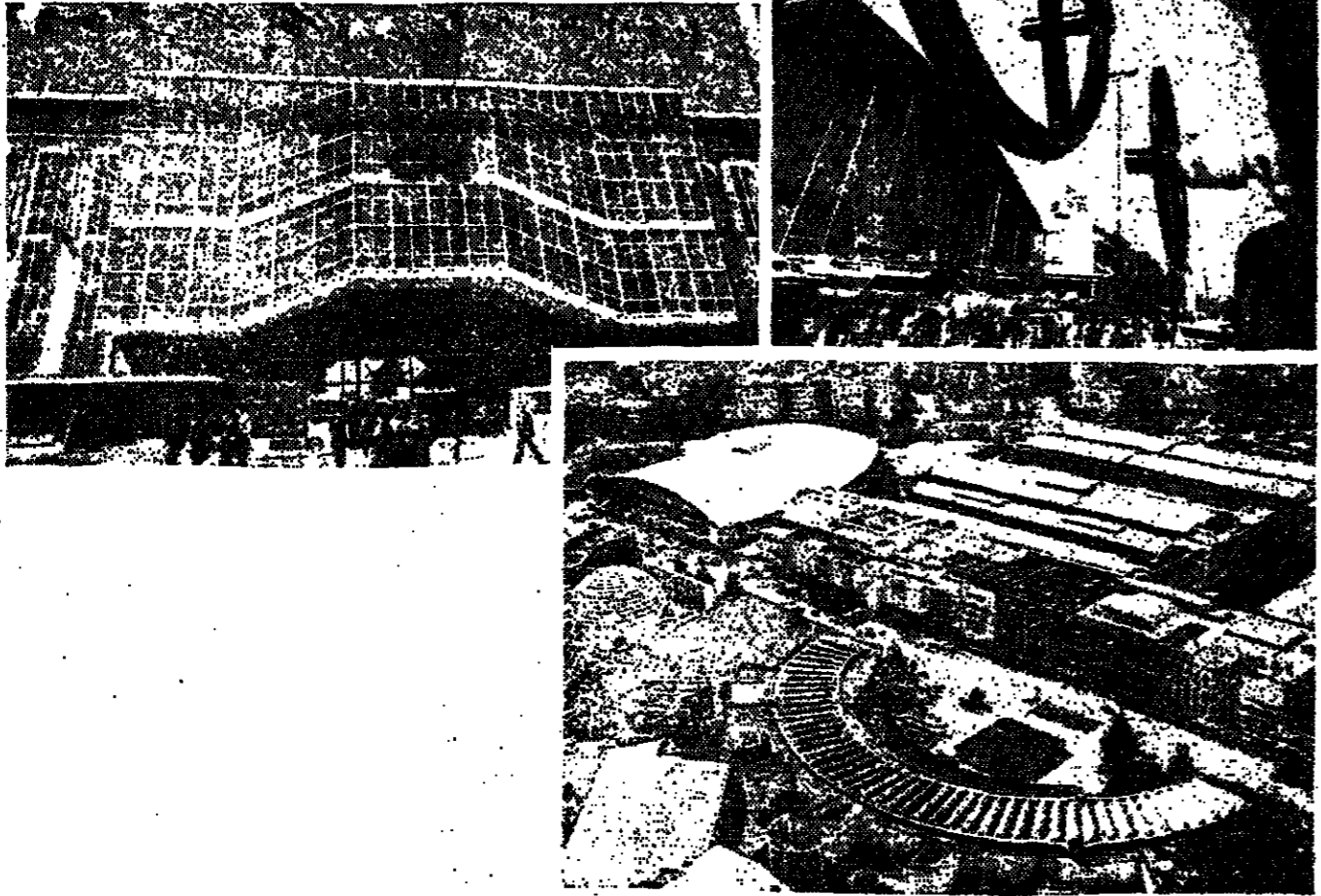
14-23 April 1979

an international Spring event followed by 57 specialized trade shows which keep the Fair open twelve months every year.

Plan a visit to Milan Trade Fair, and make sure of coming to the specialized trade show that covers your line of business.

Businessmen know it's figures that matter. Here are some from the last annual exhibition cycle: 33,000 exhibitors from 90 countries • overall display area 2,319,575 sq.m. • 88 countries officially participating with trade information offices and displays of products.

Further information from: Fiera di Milano, Largo Domodossola 1, 20145 Milano (Italy), telex 331360 EAFM I, and from Dr. Vittorio Schiazzano, 20 Savile Row, London W1X 2DQ ☎ 01-734 2411



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NORTH AMERICAN NEWS

Xerox plans diversification with \$207m bid for WUI

BY STEWART FLEMING IN NEW YORK

XEROX CORPORATION, the leading U.S. copier manufacturer, has announced a major diversification into the international communications business through a bid for WUI Inc. worth around \$207m.

WUI is totally independent of Western Union Corporation. In 1977 it had net income of \$10.1m (\$3.70 a share) on sales revenues of \$112m.

Shareholder seeks to postpone Volvo vote

By William Dullforce in Stockholm

THE BOARD of Volvo's second largest shareholder, the Collector Investment Co., which holds 3.3 per cent of the shares, decided unexpectedly yesterday to vote for a postponement of the decision on the sale of 40 per cent of the Swedish car and truck company to Norway.

MEDIUM-TERM CREDITS Ireland rejects Euroloan

BY ROSEMARY BURR

THE GOVERNMENT of Ireland turned down a fully underwritten offer of a \$400m Euroloan. The reason given was that the Irish were unclear as to what the repercussions of joining EMS would be on their overseas funding requirements.

Management changes expected at Fiat

By Paul Betts in Rome

FIAT, ITALY'S largest private enterprise, is expected to announce a major top management reshuffle in the next few days.

Higher earnings at Amex

NEW YORK—American Express, in reporting higher fourth quarter and year earnings, is "cautiously optimistic" that 1979 will be another year of earnings growth.

Good year for Alcan

By Robert Gibbens in Montreal

ALCAN ALUMINIUM earned U.S.\$83.2m or \$2.05 a share in the fourth quarter, against \$82.7m or \$1.56 a share a year earlier, on revenues of \$1,038m.

The First Viking Commodity Trusts. Commodity OFFER 39.3 Trust BID 37.3 Double OFFER 42.5 Option Trust BID 40.0

TRADING Are you sometimes baffled by the terms... COMETCO The Commodity Brokers

Daf Trucks slips in the red as production slides

BY CHARLES BATCHELOR IN AMSTERDAM

DAF TRUCKS, the Dutch commercial vehicle maker, made a loss in 1978 and also produced fewer trucks than the year before.

Shell capital outlays

TOTAL capital spending by the Royal Dutch Shell group on Shell/Essco's existing UK North Sea fields is expected to top \$12bn.

Automobiles Citroen sales increase

By Terry Dodds in Paris

AUTOMOBILES Citroen, one of the main branches of the PSA Peugeot-Citroen combine, increased its turnover last year by 18 per cent to FFf 15.8bn (\$3.7bn).

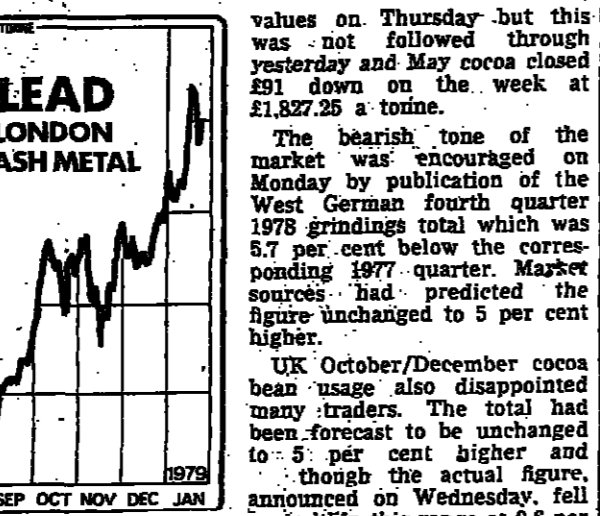
German Shell recovery

MUNICH—Deutsche Shell 1978 profits to total about DM 150m, which would represent a striking recovery from a DM 34.5m loss in 1977.

COMMODITIES/Review of the week Copper prices surge higher

BY OUR COMMODITIES STAFF

COPPER PRICES surged higher on the London Metal Exchange yesterday reacting to forecasts of another substantial fall—22,000 tonnes—in warehouse stocks.



MARKET REPORTS BASE METALS

COPPER—Firmly again on the London Metal Exchange following forecasts of a heavy fall in warehouse stocks.

WHEAT BARLEY

Table with columns for WHEAT and BARLEY, showing prices and changes for various grades and regions.

AMERICAN MARKETS

Table listing various American market indices and prices, including NY prime steam, gold, and silver.

strong enough to sustain the rise. Meanwhile in the U.S., Asarco announced it was raising its domestic price by 1 cent to 35.50 cents a lb for Prime Western zinc.

COFFEE

ROBUSTAS once more rallied strongly in the nearby options in response to further short-covering by the January positions.

SILVER

Silver was steady 0.75p on the London market yesterday at 310.8p.

SOYABEAN MEAL

Futures closed 0.20p to 0.40p narrower and the market held in a narrow range.

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities including Wheat, Corn, Soybeans, and Metals.

LEAD

Table showing lead prices and changes for different grades and regions.

COFFEE

Table showing coffee prices and changes for Robusta and Arabica grades.

INDICES

Table showing various financial indices including Dow Jones, S&P 500, and Moody's.

Table of financial data including various stock prices and company names such as Anglo-Continental, Anglo-Continental, Anglo-Continental, etc.

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WATERWORKS (2)

Waterworks (2) ...

SPECIAL LIST

Business done in securities quoted in the Monthly Supplement.

RUBBER (17)

Anglo-Indo-Brazil (25) 82 (181) ...

UK RAILWAYS (2)

Canadian Pacific (50) 154 (161) ...

SHIPPING (31)

Anglo-Continental (25) 82 (181) ...

TEA (1)

Anglo-Continental (25) 82 (181) ...

TRAMWAYS

Anglo-Continental (25) 82 (181) ...

CANALS AND DOCKS (2)

Anglo-Continental (25) 82 (181) ...

Rhodocina (2)

Anglo-Continental (25) 82 (181) ...

South African (40)

Anglo-Continental (25) 82 (181) ...

UK MONEY MARKET

Bank of England Minimum Lending Rate 12 1/2 per cent (since November 9, 1978).

EXCHANGES AND BULLION

Trading in yesterday's foreign exchange market remained at a very low level ahead of the weekend.

Table of financial data including various stock prices and company names such as Anglo-Continental, Anglo-Continental, Anglo-Continental, etc.

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CURRENCIES, MONEY and GOLD

The dollar traded steadily for most of the day but showed a late upswing to close firmer against most currencies.

THE POUND SPOT

Table showing exchange rates for various currencies including US, Canadian, and others.

OTHER MARKETS

Table showing market data for various commodities and currencies.

LONDON MONEY RATES

Table showing interest rates for various financial instruments.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various currencies in the Eurozone.

UK CONVERTIBLE STOCKS 19/79

Table showing data for UK convertible stocks including company names and prices.

Number of ordinary shares into which £100 nominal of convertible stock is convertible.

LONDON STOCK EXCHANGE

Equity leaders advance despite grim news background 30-share index up 4.4 at 478.9—Gilts at 18-month low

Account Dealing Dates
Optimism
First Declared Last Account Dealings

week's fall of 0.73 to a fresh 18-month low of 67.37. Small institutional demand in a thin market helped the investment currency premium to close 1 1/2 higher at 89 1/2 per cent.

reflecting bid hopes, Catalan rose 2 more to 52p. Interest in Stores yesterday centred almost entirely around Burton with news that certain of the company's directors had further increased their shareholdings.

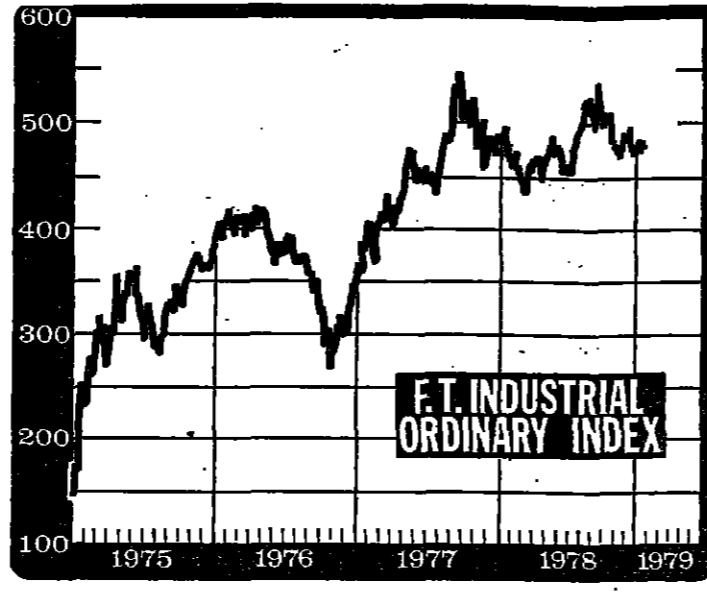
On Tuesday, gained a similar amount to 153p. Stone-Platt continued to reflect the downward revision in the profits forecast and gave up 2 more to 103p.

Shipments were up on the week of 3 to 165p following the announcement of its long-awaited rationalisation package which involves over 3,000 redundancies and a £75m investment programme.

the Shipping sector were gains of 3 were marked against F. and O. Deferred, 9 1/2p, and Walter Rowland, 6 1/2p, and James I. Jacobs improved 2 1/2 to 45 1/2p.

Holdings of equities were still refusing to be panicked yesterday by the grim industrial scene and, in the absence of any worthwhile selling, leading shares made good upward progress although closing levels were generally below the day's best.

Recent issue IAS Cargos were again in demand and rose 5 to 104p compared with last Wednesday's starting price of 98p; the F per cent Convertible Preference closed 9 up at 137p.



Despite the chairman's denial of bid rumours, Associated Book Publishers met increased speculative demand and closed 25 up for a rise on the week of 40 at 303p.

Gold at 3-mth. high
Mining markets rounded off a good week with a further dip in strength against a background of buoyant base-metal prices on the London Metal Exchange and a reasonably steady bullion price.

Neither comment that the declaration of a State of Emergency was being delayed to allow the Transport and General Workers' Union a second chance to control picketing nor publicity about the Conservatives' increasing lead over Labour in the latest Gallup poll had any impact on sentiment.

Hambro Life higher
Drawing strength from the announcement that 1978 proved a very successful year for the group, with net sums assured passing the £1bn mark for the first time, Hambro Life gained 10 to 410p. Composites moved higher in places. Elsewhere, Stenhouse closed unsited at 99p, after 100p, following details of the offer for sale of its industrial arm, Caledonian Holdings—for around £6m.

where, Bambers gained 7 to 127p on renewed investment support. Selective support was further shown in the Electrical sector. Demand revived for Euratherm, up 6 at 236p, while Automated Security improved a similar amount to 123p. Decca, 420p, and Ferranti, 325p, firmed 7 and 5 respectively apiece.

announced on Thursday: Trust Houses Forte met a few buyers and rose 5 to 267p after 265p. The miscellaneous industrial leaders traded quietly but ended the week on a firm note. Pilkington rose 7 to 297p, while Reed International hardened 3 to 160p. Elsewhere, Maurice James hardened a fraction to 17p on the disclosure that it has sold its mass retailing business to George Dolan—for £12m. A.G.B. Research, a recent firm market in response to bumper interim results, revived with a fresh gain of 4 to 143p, after 147p, while improvements of around 6 were recorded in G.L. Holdings, 120p, I.C.I., 433p, and Amalgamated Metal, 310p. Vinten added 4 to 158p as did B.E.T. to 116p, the latter following comment on the mid-term figures. By way of contrast, Gesteiner A softened 2 to 146p after the recent rise in shares and ended the week with a rise of 25.

Oil below best
A reasonable turnover developed in Oils, but leading issues failed to hold best levels with British Petroleum closing 4p dearer at 904p, after 910p, and Shell 5 higher at 565p, after 570p. Among secondary issues, Burmah reacted to 87p before settling at 89p, down 3 on balance, following news that the company had lost its court appeal seeking disclosure of confidential documents relating to its pending action against the Bank of England for the return of BP shares.

London-registered Financials were featured by Rio Tinto-Zinc, which topped our list of active stocks, the shares touched a 1978-79 high of 285p following the sharp rise in the copper price before ending 6 up on balance at 264p.

The effects of the squeeze on short positions was reflected by a rise of 6 1/2 in the FT Industrial Ordinary share index at 11 am, but trade subsequently became intermittent and leading shares drifted back despite late news that the waterworks' pay dispute had been settled. At the close, the index was 4.4 higher at 478.9 for a gain on the week of 4.2.

The major clearing banks closed the week on a quietly firm note. Discounts plotted an irregular course. Ahead of their regular statements due next Monday and Wednesday respectively, Alexander's shaded 4 to 248p but Union added 5 to 310p. Distillery issues closed at higher levels reflecting Distillers' 12 per cent increase in U.S. whisky prices. Invergordon featured, rising 10 to 31p on speculation that Hawker Siddeley is about to sell its 76.3 per cent stake in the company. Arthur Bell added 7 to 187p, Highland 5 to 92p and Distillers 3 to 210p.

Engineering leaders tended to close without much alteration on balance. Hawker Siddeley, however, ended 6 up at 228p, while John Brown held a gain of 4 at 365p awaiting next Friday's interim results. Among the occasional movements in secondary issues, Chas. Cliford firmed 4 to 128p, while Davy Corporation, half-yearly results

announced on Thursday: Trust Houses Forte met a few buyers and rose 5 to 267p after 265p. The miscellaneous industrial leaders traded quietly but ended the week on a firm note. Pilkington rose 7 to 297p, while Reed International hardened 3 to 160p. Elsewhere, Maurice James hardened a fraction to 17p on the disclosure that it has sold its mass retailing business to George Dolan—for £12m. A.G.B. Research, a recent firm market in response to bumper interim results, revived with a fresh gain of 4 to 143p, after 147p, while improvements of around 6 were recorded in G.L. Holdings, 120p, I.C.I., 433p, and Amalgamated Metal, 310p. Vinten added 4 to 158p as did B.E.T. to 116p, the latter following comment on the mid-term figures. By way of contrast, Gesteiner A softened 2 to 146p after the recent rise in shares and ended the week with a rise of 25.

Reflecting the generally firm conditions in equities, Trusts made a little progress. New Throgmorton Capital gained 3 to 77 1/2p, while Airtel rose 2 1/2 to 101p following the increase in half-yearly revenue. Glenamurray held at 75p; the price in yesterday's issue was in error. Buying interest was evident in December quarter.

Overseas Traders, S. and W. Berford added 5 more to 169p on the results and proposed scrip issue. Reflecting the generally firm conditions in equities, Trusts made a little progress. New Throgmorton Capital gained 3 to 77 1/2p, while Airtel rose 2 1/2 to 101p following the increase in half-yearly revenue. Glenamurray held at 75p; the price in yesterday's issue was in error. Buying interest was evident in December quarter.

FINANCIAL TIMES STOCK INDICES. Table with columns for various indices (Government Secs., Fixed Interest, Industrial, Gold Mines, etc.) and rows for different dates (Jan 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 1978).

HIGHS AND LOWS. Table showing high and low prices for various stocks and indices for the week of Jan 15-19, 1979.

NEW HIGHS AND LOWS FOR 1978/9. Table listing new high and low prices for various stocks and indices for the 1978/9 period.

OPTIONS. Table listing options for various stocks and indices, including details on strike prices and expiration dates.

RISES AND FALLS. Table showing the percentage change in various stock indices and sectors (British Funds, Corporate, Industrial, etc.) for the week of Jan 15-19, 1979.

LONDON TRADED OPTIONS. Table showing trading volumes and prices for various options (Call, Put) on different stocks.

FT-ACTUARIES SHARE INDICES

FT-ACTUARIES SHARE INDICES. Large table showing share indices for various actuarial groups and sub-sections, including details on price changes and performance.

ACTIVE STOCKS YESTERDAY. Table listing the top active stocks from the previous day, including their closing prices and changes.

RECENT ISSUES. Table listing recently issued stocks, including their issue prices and current market prices.

ON THE WEEK. Table listing the top performing stocks over the week of Jan 15-19, 1979.

EQUITIES. Table listing various equity securities and their current market prices.

BASE LENDING RATES. Table showing the base lending rates for various banks and financial institutions.

FIXED INTEREST STOCKS. Table listing fixed interest securities and their current market prices.

FIXED INTEREST PRICE INDICES. Table showing price indices for various fixed interest securities.

Additional text at the bottom of the page, including a small advertisement and some notes.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

Table of financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

Table of financial data for offshore and overseas funds, including columns for fund names, managers, and performance metrics.

INSURANCE AND PROPERTY BONDS

Table of financial data for insurance and property bonds, including columns for company names, policies, and financial details.

Table of financial data for insurance and property bonds, including columns for company names, policies, and financial details.

Table with 'INSURANCE BASE RATES' and 'CORAL INDEX: Close 476-481'.

NOTES section containing additional information and disclaimers.

KFR
Managers of
Commercial Property
Knigh Frank & Rutley

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978-79 High	Low	Stock	Price	Div. %	Yield
105.97	99.94	Treasury 11/30 1982	99.94	11.51	12.08
97.97	94.94	Treasury 11/30 1982	94.94	11.51	12.08
102.97	99.94	Treasury 11/30 1982	99.94	11.51	12.08
102.97	99.94	Treasury 11/30 1982	99.94	11.51	12.08
102.97	99.94	Treasury 11/30 1982	99.94	11.51	12.08

BONDS & RAILS—Cont.

1978-79 High	Low	Stock	Price	Div. %	Yield
54.46	46.46	Greek 7% 2000	46.46	7.00	7.20
51.44	40.40	Do 8% 2000	40.40	8.00	8.15
44.40	35.35	Do 9% 2000	35.35	9.00	9.25
44.40	35.35	Do 10% 2000	35.35	10.00	10.25

BANKS & HP—Continued

1978-79 High	Low	Stock	Price	Div. %	Yield
55.37	47.47	Kooper Ulman	47.47	0.67	2.2
55.37	47.47	King & Sax 20p	47.47	0.67	2.2
55.37	47.47	King & Sax 20p	47.47	0.67	2.2

CHEMICALS, PLASTICS—Cont.

1978-79 High	Low	Stock	Price	Div. %	Yield
52.32	42.42	Easton Plastics	42.42	3.6	8.5
52.32	42.42	Farm-Feed	42.42	3.6	8.5
52.32	42.42	Farm-Feed	42.42	3.6	8.5

ENGINEERING—Continued

1978-79 High	Low	Stock	Price	Div. %	Yield
125.75	115.75	Astra 10p 10p	115.75	1.15	9.15
125.75	115.75	Astra 10p 10p	115.75	1.15	9.15
125.75	115.75	Astra 10p 10p	115.75	1.15	9.15

AMERICANS

1978-79 High	Low	Stock	Price	Div. %	Yield
135.00	125.00	ASA	125.00	1.8	14.0
135.00	125.00	ASA	125.00	1.8	14.0
135.00	125.00	ASA	125.00	1.8	14.0

Hire Purchase, etc.

1978-79 High	Low	Stock	Price	Div. %	Yield
395.68	385.68	Credit Corp 100	385.68	0.21	2.0
395.68	385.68	Credit Corp 100	385.68	0.21	2.0
395.68	385.68	Credit Corp 100	385.68	0.21	2.0

BEERS, WINES AND SPIRITS

1978-79 High	Low	Stock	Price	Div. %	Yield
94.78	84.78	Allied Brew.	84.78	1.49	11.3
94.78	84.78	Allied Brew.	84.78	1.49	11.3
94.78	84.78	Allied Brew.	84.78	1.49	11.3

DRAPERY AND STORES

1978-79 High	Low	Stock	Price	Div. %	Yield
54.35	44.35	Anchor Day 10p	44.35	1.15	11.5
54.35	44.35	Anchor Day 10p	44.35	1.15	11.5
54.35	44.35	Anchor Day 10p	44.35	1.15	11.5

Over Fifteen Years

1978-79 High	Low	Stock	Price	Div. %	Yield
125.00	115.00	Treasury 11/30 1982	115.00	11.51	12.08
125.00	115.00	Treasury 11/30 1982	115.00	11.51	12.08
125.00	115.00	Treasury 11/30 1982	115.00	11.51	12.08

BUILDING INDUSTRY, TIMBER AND ROADS

1978-79 High	Low	Stock	Price	Div. %	Yield
102.75	92.75	Abendorn Const.	92.75	1.68	3.9
102.75	92.75	Abendorn Const.	92.75	1.68	3.9
102.75	92.75	Abendorn Const.	92.75	1.68	3.9

ELECTRICAL AND RADIO

1978-79 High	Low	Stock	Price	Div. %	Yield
166.85	156.85	A.B. Electronic	156.85	1.7	13.6
166.85	156.85	A.B. Electronic	156.85	1.7	13.6
166.85	156.85	A.B. Electronic	156.85	1.7	13.6

HOTELS AND CATERERS

1978-79 High	Low	Stock	Price	Div. %	Yield
125.75	115.75	Astra 10p 10p	115.75	1.15	9.15
125.75	115.75	Astra 10p 10p	115.75	1.15	9.15
125.75	115.75	Astra 10p 10p	115.75	1.15	9.15

INDUSTRIALS (Miscel.)

1978-79 High	Low	Stock	Price	Div. %	Yield
125.75	115.75	Astra 10p 10p	115.75	1.15	9.15
125.75	115.75	Astra 10p 10p	115.75	1.15	9.15
125.75	115.75	Astra 10p 10p	115.75	1.15	9.15

Five to Fifteen Years

1978-79 High	Low	Stock	Price	Div. %	Yield
125.00	115.00	Treasury 11/30 1982	115.00	11.51	12.08
125.00	115.00	Treasury 11/30 1982	115.00	11.51	12.08
125.00	115.00	Treasury 11/30 1982	115.00	11.51	12.08

CANADIANS

1978-79 High	Low	Stock	Price	Div. %	Yield
115.00	105.00	Bk. Montreal S2	105.00	3.4	3.4
115.00	105.00	Bk. Montreal S2	105.00	3.4	3.4
115.00	105.00	Bk. Montreal S2	105.00	3.4	3.4

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	Div. %	Yield
248.20	238.20	ANZ SAI	238.20	3.2	6.8
248.20	238.20	ANZ SAI	238.20	3.2	6.8
248.20	238.20	ANZ SAI	238.20	3.2	6.8

COMMONWEALTH & AFRICAN LOANS

1978-79 High	Low	Stock	Price	Div. %	Yield
107.94	97.94	AFR 13p 1981	97.94	13.00	13.00
107.94	97.94	AFR 13p 1981	97.94	13.00	13.00
107.94	97.94	AFR 13p 1981	97.94	13.00	13.00

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price	Div. %	Yield
24.17	14.17	Autofast 2p	14.17	2.2	2.2
24.17	14.17	Autofast 2p	14.17	2.2	2.2
24.17	14.17	Autofast 2p	14.17	2.2	2.2

FOOD, GROCERIES, ETC.

1978-79 High	Low	Stock	Price	Div. %	Yield
125.75	115.75	Astra 10p 10p	115.75	1.15	9.15
125.75	115.75	Astra 10p 10p	115.75	1.15	9.15
125.75	115.75	Astra 10p 10p	115.75	1.15	9.15

INTERNATIONAL BANK CORPORATION LOANS

1978-79 High	Low	Stock	Price	Div. %	Yield
99.94	89.94	Intl. Bank 7% 81	89.94	7.00	7.81
99.94	89.94	Intl. Bank 7% 81	89.94	7.00	7.81
99.94	89.94	Intl. Bank 7% 81	89.94	7.00	7.81

Public Board and Ind.

1978-79 High	Low	Stock	Price	Div. %	Yield
107.94	97.94	AFR 13p 1981	97.94	13.00	13.00
107.94	97.94	AFR 13p 1981	97.94	13.00	13.00
107.94	97.94	AFR 13p 1981	97.94	13.00	13.00

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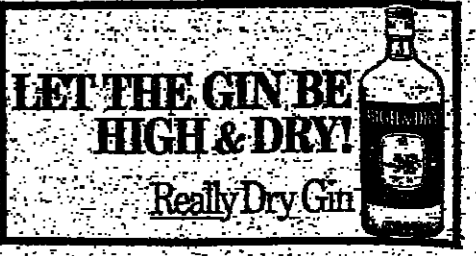
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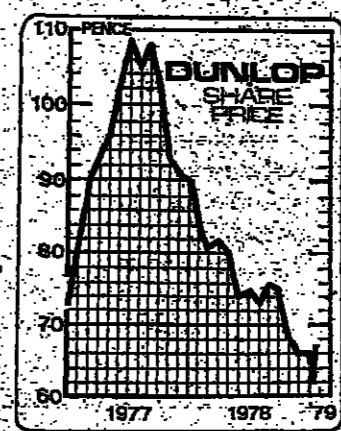
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THE LEX COLUMN

A remould for Dunlop

Index rose 4.4 to 478.9



This week the gilt-edged market has been hitting new lows but equities, perversely, have been holding steady amid industrial and political chaos.

Dunlop's share price has been in a nose-dive for nearly 18 months as the disastrous conditions in the European tyre industry have eroded the group's profits.

There will of course be immediate costs — redundancy provisions (perhaps around £5m) and property write-offs.

Both companies are based in Staffordshire and seem to be a superbly similar fit. A merger could bring some benefits.

with trade unions behind and it would not be altogether surprising if the unions took the line that shareholders should suffer as well as employees.

It could be argued that Dunlop has an unwritten commitment to maintain its adequately covered dividend because it had a rights issue as recently as May 1977.

Johnson-Richards Tyres and Armitage Shanks have been friendly for years. But it took an unwelcome approach from Norcor to J.R. Tyres to trigger the merger announced yesterday.

Both companies are based in Staffordshire and seem to be a superbly similar fit. A merger could bring some benefits.

Norcor would be "gravely damaging" to its business. "What is the right price for the two companies? Their combined capitalisation is now £47m, a fifth higher than it was when Norcor popped up.

As a rough rule of thumb, Gesstner is the sort of share that one buys when the pound is falling and sells when it is appreciating.

However, this rule did not seem to apply in 1976-77 when Gesstner managed to push its profits higher despite a sharp rise in the pound.

Assuming that the pound falls against the dollar during the current year, Gesstner's profits should recover — brokers Scott, Giff, for example, are forecasting £30m, 76-tax.

Japan to drop emergency export restraint policy

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S POLICY of export restraint, introduced last summer as one of a number of emergency measures for curbing the balance of payments surplus, is to be allowed to lapse at the end of March.

Officials of the Ministry of International Trade and Industry, who announced the move, said the curbs had ceased to play a role in affecting actual export levels because exports had been falling.

Japanese exports have continued to rise rapidly in dollar terms, but the restraint policy was never meant as a commitment to cut the dollar value of exports.

would invoke "administrative guidance" as a means of freeing the yen value of Japan's exports during this fiscal year, which ends on March 31.

The commitment was formalised as part of the package presented by former Prime Minister Takeo Fukuda to the Bonn summit of heads of state of advanced industrial nations.

In its final form, Mr. Fukuda's restraint policy was understood to involve a commitment, not only to freeze yen export levels but also to ensure that exports of major items such as ships, cars, steel and TV sets remained at or below their 1977 levels in volume terms during fiscal 1978.

The export restraint commitment did not form part of Japan's package offer in the GATT multilateral trade negotiations and was from the outset explicitly limited to the 13 months ending March 31, 1979.

formal policy should affect the GATT negotiations which are now in their final stages.

Japan registered an average monthly "account surplus" of \$1.6bn during the second quarter of 1978 followed by a \$1.5bn average surplus in the third quarter.

The government claims to be within sight of achieving its target of a \$13.5bn current account surplus for the whole of fiscal 1978, although some private forecasters put the figure slightly higher.

David Buchanan in Washington writes: U.S. officials yesterday expressed themselves relatively unmoved by the announcement. President Carter expressed continuing concern about the growing U.S. trade deficit with Japan to Mr. Masayoshi Ohira, the new Japanese premier.

Guy de Jonghieres in Brussels adds: Officials at the European Commission are not yet certain whether Japan's move will have any significant impact on its trade with the EEC.

Lower export growth has been the main factor responsible for a reduction in Japan's trade surplus with the EEC, measured in yen, over the last few months.

Dunlop will make 3,100 redundant at tyre plants

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

DUNLOP is to rationalise its UK tyre business, involving 3,100 redundancies in the tyre division's total work force of 11,250.

The main impact will be at the company's second largest plant at Speke, Merseyside, which will be closed completely with all 2,400 employees redundant.

The decision provoked an outcry from local MPs because Speke was hit last year by closure of BL's main Triumph plant at the cost of 3,000 jobs.

Dunlop's biggest plant, at Fort Dunlop, Birmingham, escapes relatively lightly with 490 redundancies in a workforce of 7,046.

At Inchinnan, Scotland, at one time reported also to be a candidate for closure, 250 will be redundant out of 1,140.

The fourth tyre factory at Washington, Co. Durham, which employs 490, is not affected. Dunlop said that it was reacting to over-capacity problems which faced the UK tyre industry.

Demand for tyres had declined dramatically in the replacement market from 22.4m a year in 1972 to 19.4m.

The downturn in the tyre division accounted for all the £10m fall to £22m in Dunlop's taxable profits in the half-year.

As a result the group has looked at its total European strategy. In West Germany, where there is over-capacity, 1,000 out of 5,000 have been made redundant.

Trade unions were told yesterday that the group must improve its tyre-making efficiency by better productivity. "We need to get 85 per cent of capacity out of our machines," the group stated.

Dunlop will put even more emphasis on steel-braced radial tyres and Denovo run-flat tyres, but will not phase out cross-ply manufacture completely.

This will involve maintaining capital investment in the UK tyre division at roughly the previous level. About £75m will be spent in the five years from second-half 1980, against

£20m in the past two years. The group said it would find this from its own resources.

Dunlop has approached the Government about "the possibility of selective financial assistance for a more ambitious investment programme."

In a separate move Dunlop is to concentrate production of tennis, squash and badminton rackets at its Horbury plant in West Yorkshire and to close the Walkham Abbey, Essex, plant at cost of 458 jobs, 130 of them part-time.

Overcapacity in this business has been caused by low-cost Far Eastern imports. "The company's attitude is frankly appalling," commented Mr. David Warburton, national industrial officer of the General and Municipal Workers' Union, Dunlop's biggest union.

"We know that there are problems in the tyre industry but to make a decision in this way without any national negotiation is indefensible." But the stock market reacted favourably. Dunlop's share price rose 3p to 67p.

Australia in big wheat deal with China

By John Edwards, Commodities Editor

CHINA is to buy 2.5m tonnes of wheat from Australia, it was announced yesterday. The Australian Wheat Board described the U.S.\$235m purchase as the biggest wheat deal, in value terms, since its first sale to the Chinese in 1960.

Australia had sold 2m tonnes to China in July, 1977, but prices have risen since then.

Australia, like Canada, has been a regular supplier of wheat to China since 1960. However an Australian Wheat Board says its mission returned from China empty-handed a few months ago because, it was reported, it had run out of high prices. But another misstep pushed to Peking earlier this month when it was announced that the Chinese had concluded a long-term wheat deal with Canada.

China has increased its wheat imports dramatically since drought hit its 1977 harvest very badly, and the 1978 crop also failed to reach its target because of unfavourable weather conditions. Earlier in the 1970s Chinese wheat imports averaged 3m to 5m tonnes annually. But in the year to July, 1978, they jumped to 8.6m tonnes. In 1978/79, purchases had already reached 9m tonnes before the Australian deal.

In its search for extra wheat imports, China also turned to the U.S. for the first time since 1974 with a series of purchases and the Australians feared they might have been ousted from the market. This deal kills these fears, and the Australian mission is staying in Peking to negotiate a longer-term deal, since the 2.5m tonnes is to be shipped by November this year.

Australia is particularly anxious to export wheat: it has just harvested a record crop of over 15m tonnes. Yesterday the wheat board also announces the sale of 1m tonnes to Japan, another of Australia's traditional export markets.

Courtaulds to close acrylic factory

By Rhys David

COURTAULDS plans to close its acrylic-worsted spinning factory at Spenny Moor, Co. Durham, after failure to agree with the unions on more limited rationalisation plans. The plant employs 1,580 people.

The group, Europe's biggest textile producer, told unions in October that because of the contraction in the market for acrylic yarns it would be necessary to reduce the working week from 168 hours to 120, to cut back from four to three shifts and to dismiss 560 people.

The unions say that instead of reducing the labour force there should be a short-time working programme, but the company found these counter-proposals unacceptable. Courtaulds said yesterday that it had told the unions in October that the plant could continue only if it were reorganised to produce a smaller weight of yarn and to function at a much higher level of efficiency with a reduced labour force. In spite of intensive efforts it had proved impossible to agree with the unions on measures to improve efficiency to the level the company considered essential. The massive and increasing losses could no longer be carried.

According to Courtaulds the plant has been taking business at a loss but even this has still not enabled it to fill capacity and heavy losses have been carried for some time.

The plant, like Courtaulds' ill-fated "Stelmorad" unit in Lancashire, was set up in the 1960s in the development area away from traditional textile centres. It was aided by Government grants.

A first unit on the site was followed quickly by a second which doubled the original size of the plant. Building of a third unit was started in 1973. It was never occupied by Courtaulds and was disposed of last December to the Carreras Rothman group.

Shipyards likely to lose more work

BY IAN HARGREAVES AND GILES MERRITT

HAVERTON HILL, the Teesside shipyard which lost its share of the £115m Polish ship deal last year because of labour problems, is on the verge of losing more work because of industrial action by draughtsmen.

This emerged yesterday when the European Commission approved Government subsidies totalling £16m enabling British Shipbuilders to win orders for two container ships worth £36m and an SD14 cargo vessel worth £5m.

The two container ships, for the Bank and Saville Line, are to be built at Swan Hunter, Tyne-side, and the South Bank

yard, Teesside, which, like Haverton Hill, is part of British Shipbuilders' Smith's Dock subsidiary.

Haverton Hill, which has no ship construction work on its books was to receive some steel prefabrication work from the South Bank yard.

British Shipbuilders has indicated that it will not put work into the yard until the 100 draughtsmen lift their sanctions, which they say are related to a campaign to prevent the company from recognising the Shipbuilding and Allied Industry Management Association.

Continued from Page 1

Incomes policy rules

delegate conferences at the end of next week. The GMWU has always made clear that its members should not take action before negotiations were completed.

The leaders of the National Union of Public Employees, which wants all public service workers to join the action, decided yesterday to ask the union's executive to ballot the membership without a recommendation. That would take 10 days.

The offer would raise the basic rate to £54.60 a week, in response to a claim for a minimum £62. It includes an efficiency bonus of £5. Some workers would receive as much as 20 per cent and see their earnings rise to over £100 a week.

The offer costs some £17m and gives an average weekly earnings increase of £9.33 from December rising to £10.29 in April. It is the result largely of a comparability exercise with electricity and gas supply

workers while the bonus is conditional on a 40 hours week attendance record aimed at lowering of absenteeism.

Mr. Shore said in a statement yesterday that he was "not displeased" with the outcome of

the talks. However 1.6 per cent is apparently outside Government pay policy. Some 6.9 per cent covers the efficiency scheme and 0.4 per cent is the result of the Prime Minister's latest concession on low pay.

Hauliers

easing in moving goods in some areas. Edible oil, chloride, margarine, sugar and other foodstuffs are mainly affected. Teesside and the ports of London and Southampton remained black-spots, however.

Regional secretaries are expected to hold a series of meetings with union officials today, explaining the operation of the code.

Scottish officials banned the issue of new picket exemptions for lorries for 24 hours after the death of a picket this week. Picketing is being extended in Northern Ireland for 48 hours as part of the same response.

Union officials in Birmingham are issuing special credentials for pickets to prevent non-transport union members from joining picket lines.

Regional committees may take disciplinary action, including withdrawal of union membership, against members who do not adhere to the picketing code.

Philip Bassett Labour Staff writes: British Railways Board officials were trying to bring the three rail unions together for talks to avert next week's threatened one-day national rail strike by the train drivers' union, ASLEF.

Weather

UK TODAY MOSTLY cloudy with outbreaks of rain. Snow or sleet in places. London, S.E. Cent. S. England, Channel Islands, W. Country Cloudy, outbreaks of rain. Rather cold. Max. 4C (39F). E. Anglia, S. and W. Midlands, S. Wales. Outbreaks of rain or sleet. Snow on high ground with drifting. Max. 2C (36F). E. Coast, N.W. England, Lakes, Isle of Man, N. Midlands, S and E. Scotland, Argyll, Ulster Cloudy with sleet or snow. Very cold. Max. 0C (32F). E. Scotland, Highlands, Orkney, Shetland. Snow showers, occasionally moderate, with some drifting. Max. 2C (36F). Outlook: Cold over Scotland with further sleet or snow. Warmer elsewhere with some rain or showers.

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